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Chair

Mr. Rob Merrifield

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● (0900)

[English]

The Chair (Mr. Rob Merrifield (Yellowhead, CPC)): I'll call the meeting to order. This is our last day of pre-budget consultation as far as listening to witnesses is concerned, and then we'll be deliberating and looking after our report.

We want to thank the witnesses for coming forward. We're looking forward to your presentations. We have full panels all day long, so we do ask that you respect the five-minute time limit, and we'll try to keep it as close to that as we possibly can.

That's not the end of the time. After that, we'll get into the questions and answers. It's just that if we give more time for presentations, there will be less time for questions and answers, and my colleagues get a little nervous when I don't give them enough time, so we will respect that.

I'll introduce you and yield the floor to you in order. I think that works out the best.

We have, first of all, BIOTECCanada, with Mr. Peter Brenders, who is the president and CEO.

Thank you. You have five minutes.

Mr. Peter Brenders (President and Chief Executive Officer, BIOTECCanada): *Bonjour et merci* to the committee for the opportunity to appear before you today.

Here with me today is the chair of our emerging companies advisory board at BIOTECCanada, Dr. Paul Wotton, who is the CEO and president of Topigen Pharmaceuticals, located here in Montreal.

This is our third presentation to this committee in recent years, and we appreciate the attention and support that you have offered our recommendations in the past. In particular, we appreciate the leadership this committee has offered in terms of LLC recognition and the scientific research and experimental development, or SR and ED, representations.

Biotech now comprises one-third of the global economy. That's according to Dr. Gurinder Shahi, from the University of Southern California. It initially kind of caught us a off guard, but we thought about it a bit, and taking a look at the breadth of the technology, we've come to realize that in fact this is the reality that technology is bringing to the world.

The biotech industry is the 21st century catalyst for a breadth of all our industries. For example, in the auto industry, we're now seeing soybean oil used to make car seat foams and plastics for

bumpers. The forestry industry is finding new technologies to improve their environmental footprint and actually make new products such as nutraceuticals. In health care, we hear of new vaccines and new treatments for debilitating diseases, but also new diagnostics; in food processing, healthier foods with omega-3s and alternatives to things such as trans fats; and in the energy sector, renewable supplies for energy. Biotech is a driving force in modernizing our traditional industry and allowing them to grow their ability to be competitive.

As a country, Canada has long been regarded as an early innovator in leading biotech research and capacity. What we see today is every country in the world racing to catch up and exceed what we have built. Nations that a few short years ago were deemed to be developing economies have launched into capturing the potential of biotech. China has 200 government programs comparable to those of our CIHR and Genome Canada, employing 20,000 researchers. Malaysia has created a research tax incentive program offering 100% tax exemption for 10 years. South Korea has launched a \$60 billion investment into its R and D infrastructure.

We cannot afford to be complacent about our ability to compete and win attention. This is why we've focused on modernizing and improving our competitiveness with the SR and ED program.

We are a research-intensive industry. Our biotech industry contributes more than 12% of the entire Canadian business expenditures in research and development. Other countries want this activity. In fact, more than 30 other nations have created research-based investment incentives within their tax regimes. Our Canadian government needs to signal to the world that it means business when it states that it wants to make our economy more globally competitive. Simply put, let's align our incentives with our objectives.

We're recommending two changes on the SR and ED tax credit program: one, remove the Canadian-controlled private corporation, or CCPC, restrictions; and two, increase the expenditure limits that were set in 1985 at \$2 million, raising them to \$10 million.

Let me explain in a little more detail.

Today the CCPC restriction for refundability is counter-productive to the original goals of the SR and ED program to build capacity here. Our life sciences industry forecast earlier this year highlighted that more than 40% of our companies are looking to secure more than \$20 million in their next round of financing. Canada's capital market is simply too small and too risk-averse to provide this assistance directly, so our companies look for other forms of financing such as going public or getting foreign investors. As a result of that, they lose their CCPC status and their refundable credits. So the irony is, just when they get the capital they need to succeed, they lose the business case to keep the jobs here in Canada.

Our second recommendation focuses on the expenditure limit. As I said earlier, this \$2 million expenditure limit for refundable credits was established in 1985. It does not accurately reflect the cost of research today, 20 years later. We're recommending that this be raised to reflect inflation and other costs of research, to \$10 million.

In summary, a tax system that is entrenched in 1980s economic models is not what Canada can offer the world. We can do better. We must do better.

Thank you.

• (0905)

The Chair: Thank you very much. You beat the five minutes. We appreciate that very much.

From the Canadian Association of Research Libraries, we have William Curran, for five minutes, please.

[Translation]

Mr. William Curran (Director of Librairies, Concordia University, Canadian Association of Research Libraries): Good morning, ladies and gentlemen. I am William Curran, the Library Director of Montreal's Concordia University. This morning, I am speaking on behalf of the Canadian Association of Research Libraries.

[English]

I want to thank the committee for this opportunity to address issues of importance not only to the research libraries but to the government's own agenda of ensuring competitiveness and fairness.

The Canadian Association of Research Libraries, known as CARL, compliments the Government of Canada on its continued commitment to enhancing research and research infrastructure. The government recognizes that Canada's edge in this global economy is tied to its investment in education, to its support for the way knowledge is transmitted, and to how it helps enable Canada to adapt to changing technologies.

To maximize these investments, CARL proposes modifications to the tax system to enhance access to research materials and to promote the development of a skilled and knowledgeable workforce through the promotion of e-learning.

As Canada moves towards a knowledge-based e-economy, it will be increasingly important to create first-class, pan-Canadian networks of online learning resources. It's important to support the increasing demand for online education, instruction, and training and to increase Canada's competitiveness internationally.

The use of e-learning, or technology-assisted learning, by Canadian institutions has increased by as much as 30% over the past five years, and library participation, of course, has kept pace. Academic librarians, faculty, and staff are providing direct access to many thousands of online journals and databases and are increasingly integrating curriculum development, electronic library resources, and learning technologies in online courses.

In its *Advantage Canada* document, the Government of Canada demonstrated its understanding that talented, creative people are critical to a successful national economy over the long term. In this context, lifelong learning is vital to skills development and personal upgrading. E-learning is a dynamic way of providing these skills. It provides the key to access and delivery of high-quality educational materials anytime, anywhere.

CARL proposes that the government implement tax credits as an incentive for individuals to pursue their education by electronic means. To make e-learning accessible to all Canadians, the government must also continue its commitment to initiatives such as CANARIE, a not-for-profit corporation that manages CA*net, a sophisticated research broadband network that links Canadian universities, research hospitals, and other science facilities in other countries. The budget of 2007 provided money to allow CANARIE to maintain the CA*net for the next five years, and CARL strongly supports this investment in this first-class Canadian network of online learning resources to serve the needs of the country's learning communities.

CARL supports the position put forward by the Association of Universities and Colleges of Canada that the government must continue its investments in university research in a balanced manner that addresses equally basic research, human capital, leading edge infrastructure, and support for the indirect costs of research. Canadian research libraries benefit from the indirect costs program. Funds are used to access information resources that are vital to any researchers in any given field.

Previously, the indirect costs program covered approximately 25% of the overall research grants made to universities. The increased investments in budget 2006 and 2007 have raised the average reimbursement rate. However, for Canada to be internationally competitive, a 40% reimbursement is the target to aim for. CARL asks the government to continue to increase its investment in the indirect costs program.

• (0910)

On tax fairness, the government has the opportunity to make a small but significant tax change to make Canada's research community more competitive. Currently a university library receives a full rebate on the GST it pays on printed books and subscriptions to magazines and periodicals containing less than 5% advertising. However, scholarly research material is now overwhelmingly delivered in the electronic format. Because of the way the scholarly research material is defined in subsection 259(1) of the Excise Tax Act, such material in electronic format does not qualify for the full rebate. There is no evident justification for this discrepancy. The funds that could otherwise be freed up could be used for the acquisition of additional information resources, thus supporting the government's agenda to develop a skilled and knowledgeable workforce. The government can ensure tax fairness by providing the GST rebate to scholarly material in electronic format, as it presently applies to printed material.

On delivering value to Canadians, this government has shown in its past two budgets that it is committed to delivering new opportunities to ensure a brighter future for Canadians. In its *Advantage Canada* document, the government stated that by creating these choices it was also providing the educational opportunities Canadians needed to thrive in a knowledge economy.

The Chair: Okay, be very quick.

Mr. William Curran: This comes down to the right investments and the right incentives.

It was Roger Martin of the Rotman School of Management who stated that for every 64 cents of investment in education and infrastructure, there's a return of one dollar. The government can be assured that its investment in research and education delivers value to Canadians.

Thank you for your time today.

The Chair: Thank you very much.

From the Canadian Institute for Neutron Scattering, we have Dominic Ryan, president. The floor is yours.

Professor Dominic Ryan (President, Canadian Institute for Neutron Scattering): Good morning, and thank you.

The Government of Canada uses part of its tax revenue to put in place the infrastructure that supports the quality of life that we enjoy here in Canada. My submission today addresses the need for an investment in a piece of our infrastructure that is critical for both science and industry.

Since I wrote my original brief back in August, events have overtaken us. The current crisis in the medical isotope supply, especially for moly-99, now underlies the critical role that the NRU reactor has been playing for at least 20 years. The maintenance-

related shutdown that has precipitated this crisis highlights the urgent need for a replacement.

Although NRU is now 50 years old, the world depends on it for one-half to two-thirds of all of its medical isotopes. The innovative and flexible design of the NRU has enabled it to dominate an industry that was invented by Canadians and that barely existed when NRU was originally built.

A new research reactor will provide medical isotopes, enable cutting-edge materials development and engineering research, and provide a solid knowledge-based foundation for the development of next-generation power reactors. It is a national issue that transcends the mandates of individual departments or agencies. It relates to science, energy, health, environment, international relations, and education. It is a fundamental piece of Canada's infrastructure for science and industry, and it represents an opportunity for leadership in vision from the centre of government.

I believe that we now stand at a crossroads in neutron research. Science and technology are poised to change in many fields, and we have an opportunity to be leaders, building on the legacy of those who designed and built NRU.

Generation IV is an international collaboration to develop advanced fuel cycles and radically new reactor designs to increase our utilization of nuclear fuels by up to 100 times. The proven uranium reserves in Saskatchewan will last us 60 years at the current usages, but under a Generation IV system they could be supplying our electricity power needs for thousands of years. A flexible research reactor would provide a crucial test environment for the development of fuel elements and materials that would withstand the extreme conditions that will exist in a Generation IV core. We have led the world with CANDU; we can be at the front with Generation IV.

We have already dominated the world supply of cobalt-60 and moly-99, providing treatments for up to 20 million patients per year out of Canadian reactor-derived isotopes. The new compounds and isotopes are constantly being developed for more targeted treatment and diagnoses. We invented the medical isotope business, but we need to continue to innovate if we are to continue to create new markets and develop new products. A flexible research reactor capable of both production of existing products and development of new ones will keep us at the forefront of this critical field.

The foundations of neutron beam research were laid by Canadians working at the NRU. The triple-axis spectrometer, which earned Professor Brockhouse his Nobel Prize in 1994, and the engineering stress scanner were both invented at NRU and are now to be found in every single neutron beam research facility in the world. Canadians are taking the lead in new fields, using cold neutrons to study biological systems, using reflectometry to investigate corrosion and bio-compatible codings for medical implants, and developing neutron holography to study the structure of proteins in their native functional state. A powerful state-of-the-art facility is essential to keep this research alive and in Canada.

Eight hundred million dollars is a lot of money. If we build the CNC, it will generate 2,500 person-years of engineering design work, 2,500 person-years of manufacturing work, 4,000 person-years of construction and administration work that will appear here in Canada, generating tax revenues and jobs within Canada. Approximately \$160 million of business will be generated for small and medium-sized enterprises developing and producing reactor components. This is expertise that is technically advanced, and that will be developed within Canada, allowing us to compete in the growing world market for nuclear power reactors.

NRU cost \$500 million in current money and has clearly paid back its investment very handsomely. When the CNC is operating, Canada will have a state-of-the-art research facility that will enable innovation in reactor design, medical isotopes, and materials research. Thousands of researchers, scientists, engineers, and students will bring their products and ideas to the new facility. They will build on the strong tradition of excellence established at the NRU.

Where will the CNC lead us? To be honest, I have no idea, but when the NRU was built, nobody was thinking about advanced fuel cycles. Nuclear power was just starting to be adopted, and nobody was concerned about global warming or the environmental impact of our overuse of fossil fuels, yet it has underpinned the development and export of CANDU nuclear reactors that generate clean, reliable electricity around the world.

● (0915)

The CNC will continue Canada's leadership in the peaceful use of nuclear power, a role we adopted when we became the first nuclear-capable nation that did not build a nuclear bomb.

When NRU was built, Canadians were just inventing the medical isotope business. The world had never heard of moly-99. Now everyone knows at least one person who has benefited from either treatment or diagnosis from medical isotopes. The CNC will enable both the production of existing products and the development of new ones.

When NRU was built, most of the materials and technologies that have transformed our lives were unknown. The first silicon transistor was made the year before NRU came online. High-Tc superconductors would not have been believed. The shape-memory alloys, central to many medical implants, were unknown. Plastics were just junk.

The Chair: Very quickly, please.

Prof. Dominic Ryan: The time has come to build on the remarkable legacy of NRU. The \$800 million investment in the CNC will inspire a new generation of Canadian scientists and engineers. It will enable them to develop and study the materials that will shape the 21st century and lead to the new industries that will emerge from their discoveries.

The Chair: Thank you very much.

We'll now move the Catholic Women's League of Canada, with Lorette Noble, national president.

The floor is yours.

Ms. Lorette Noble (National President, Catholic Women's League of Canada): Good morning, and thank you for inviting us to present our brief.

The Catholic Women's League of Canada, founded in 1920, is the largest national organization of women in Canada, with nearly 98,000 members represented in every province and territory and in the military. The league is organized and committed to serve all citizens and has often received the commendation and keen appreciation of federal, provincial, and municipal authorities for the voluntary services ably performed by its nationwide membership.

The league's main concern is justice for all, being mindful of the needs of the most vulnerable in society. League members believe that the guiding principle behind taxation law should be the welfare of each and every Canadian citizen. The goals of our tax law would be to ensure that the basic needs are met for each citizen, including a healthy standard of living and a sustainable ecology. Taxation should be based on the idea of, from each according to means, to each according to needs. There must be a just balance between personal and corporate tax. Corporations do not need to be gouged, but neither should they be given tax breaks at the expense of individual taxpayers. In terms of activities funded by the government, social programs that benefit citizens and that care for the voiceless and the marginalized need to be priorities, not the improvement of bottom lines.

A country as rich as Canada should not have the level of poverty that it has, especially among children, single parents, and the elderly. Child benefits should not be taxable in order to ensure that the money goes to families and is not clawed back through income taxes.

We would like to suggest a tax credit for stay-at-home parents. Such benefits and tax credits would put more money in the hands of parents, thus ensuring that children do not go hungry. Unfortunately, in Canada today too many families are forced to rely on food banks and clothing depots.

The same is increasingly true for seniors. We have serious questions as to whether the guaranteed income supplement and the old age security pension meet the needs of seniors. The lack of adequate affordable housing for low-income families, the disabled, and many seniors is another concern that needs to be addressed by the federal government.

Literacy is a major factor in breaking the poverty cycle. Literacy programs in schools are all very well, but there is a high rate of illiteracy among adults, particularly with recently arrived refugees and in aboriginal communities. Literacy programs for adults are essential. Literacy skills can lead to job opportunities, self-sufficiency, and thus more people contributing to the tax base. In a related matter, the league supports tax exemption for post-secondary school textbooks.

Poverty and poor health often go hand in hand in Canada. Canada's publicly funded health care system must be maintained for all. One enhancement of the system would be an effective, cost-efficient national pharmacare program. National home care standards and a tax credit for caregivers should save health care dollars in the long run. Palliative care must be an integral part of the health care system. Quality palliative care does not call for costly high tech intervention and respects the dignity of the dying.

The statement in the second question by the committee, "given that corporations provide employment... and contribute to the economic growth of the nation" raises some flags. What kind of employment is being provided—full-time with benefits and a decent wage or part-time at minimum wage and no benefits? If the latter, such employment is of little or no benefit to Canadians and does nothing to enhance family life and health. The proliferation of part-time employment saddles many Canadian workers with the burden of multiple jobs at long hours for little pay. Family life inevitably suffers.

There appears to be a connection between the deteriorating health of the environment and rapid economic growth. Tax incentives for fostering environmental protection, reducing greenhouse gases, and using renewable energy sources would be of great benefit to both the Canadian environment and ultimately the economy. Care for the earth at the present time will ensure a viable future for our children.

• (0920)

While much concern relates to Canada, the league recognizes that members live in a global world and that they have a responsibility towards their neighbours and other countries. Once again, the league stands in solidarity with the marginalized, requesting debt relief with burdened developing countries, and the re-establishment of funding to MaterCare International, for example. A resolution adopted at our 85th annual national convention in August this year asks the government to link financial support, i.e., tax breaks, to Canadian registered mining companies adhering to international and Canadian standards of mining practices while doing business in developing countries. The premise "do no harm" should be kept in mind in all financial considerations in connection with underprivileged countries.

Be assured that league members across the country will continue to follow these issues closely to ensure that the most vulnerable in society are protected. It is our hope that the outcome of these pre-budget consultations and the resulting effect on our tax laws will reflect these concerns.

Thank you.

• (0925)

The Chair: Thank you very much.

We will now move on to the Independent Media Arts Alliance. We have Jennifer Dorner.

The floor is yours.

Ms. Jennifer Dorner (National Director, Independent Media Arts Alliance): Good morning, Chairman and members of the committee.

I would like to start by thanking the Standing Committee on Finance for this opportunity to present on behalf of our members in the diverse communities that we represent. The IMAA is a non-profit national arts service organization that promotes and advances the interests of a vibrant media arts community. We represent over 80 independent film, video, and new media production, distribution, and exhibition organizations in all parts of Canada, serving over 12,000 independent media artists and cultural workers.

First and foremost, I would like to acknowledge the federal government for recognizing the value and importance of the arts in Canada through its investment in the Canada Council for the Arts, with the additional \$30 million in annual support. This is an encouraging first step towards accomplishing the many vital goals held by the arts and cultural sector. Still, the IMAA wants to underline the fact the \$30 million does not go far enough to relieve the pressures faced by the smaller artist-run organizations and independent artists.

To prove this, we can look at how the supplementary fund was allocated in this 2007-08 fiscal year. These funds barely addressed the needs of the larger traditional performing arts organizations and did not even come close to addressing the needs of the smaller organizations outside the urban centres, specifically organizations that support media arts practices. This is highly problematic, considering that the stated plans and priorities for both the Canada Council for the Arts and the Department of Canadian Heritage are for cultural and creative development in the 21st century, with an investment in new practices. The current reality is that more artists are working within the media arts, with a new focus on mediums such as electronic, Internet, video, and multi-disciplinary practices.

We urge the federal government to increase funding to match the needs of these diverse practices. Therefore, our first recommendation is for the increase of funding to the Canada Council for the Arts by an additional \$100 million annually.

The second point I would like to make is our often-stated claim that cultural funding must be made statutory. Cultural spending should be acknowledged in all aspects of Canadians' lives, from health to education, leisure, technology, and the economy. Arts organizations are the backbone of the independent arts sector and provide a multitude of services within our communities. These include access to equipment, resources, and training, provision of dissemination and exhibition opportunities, as well as help in creating healthy, thriving communities.

Programs such as the Tomorrow Starts Today program help to create stability within the Canadian arts and cultural sector. As we approach the end date of this multi-year funding initiative, we emphasize that these funds are indispensable to the arts in Canada. We strongly recommend that the federal government make permanent the Tomorrow Starts Today initiative.

This fund supports programs such as Cultural Spaces Canada. This support must be sustained and developed further. The Cultural Spaces Canada program is essential for assisting organizations to establish permanent venues for the creation and presentation of artworks, be they theatrical plays, exhibitions of visual arts, musical performances, or cutting-edge screenings of media art. We need to create stability within our cultural organizations.

Arts funding contributes positively to the economy in many different ways, including through creation of cultural vibrancy in cities and towns that attract corporations to these centres. Given this, by instituting a portion of the federal budget as statutory funding, the government would be making a significant move towards showing its commitment to and investment in the arts in Canada.

The 2006 report by the Standing Committee on Finance identified that a region's artistic and cultural life is an important factor in attracting and retaining employees and businesses, who may be drawn to locations with artistic and cultural amenities that enhance well-being, quality of life, diversity, and prosperity. As the finance committee this year examines the Canadian tax system for its 2007 report, it is essential that you be reminded that businesses and corporations directly benefit from a healthy arts and cultural community.

We would like to see the level of taxation, fees, and other charges take into account the benefits a corporation receives within the global picture. By funding arts organizations and art activity across the nation, the government is stimulating increased economic activity while enhancing the cultural vibrancy of a community.

Arts organizations do not solely depend on federal funds to operate. An incredible amount of time is spent seeking alternative sources of funding, such as corporate sponsorships, foundation support, and other funding initiatives. However, there is not enough incentive for donors to fund arts and cultural organizations.

• (0930)

The IMAA thus urges the federal government to provide a cultural donation tax initiative for donors, to encourage the funding of arts and cultural organizations. This tax initiative should be supportive of the arts and culture communities of Canada, should not require undue pressure on the part of the staff of these organizations to maintain that support, and should not limit or lessen the amount given to any funding body for the purposes of supporting the arts.

Our final recommendation speaks about the urgent need for support for the preservation and archiving of media artwork. The preservation of film, video, and new media work is a major concern among all organizations that have media art collections, including the National Gallery of Canada. The works in question are audio, video, and film collections and include experimental, narrative, and documentary works by artists. The vast majority of these works have been financed by public money and are degenerating rapidly. It

stands to reason that public money should be invested in the preservation of these works.

So we urge the federal government to increase support to the Audio-Visual Preservation Trust of Canada, the Canada Council for the Arts, and the National Library and Archives Canada, specifically to expand the process of preservation, archiving, cataloguing, and collection maintenance of Canadian artworks.

Thank you. I would be happy to answer any questions you have.

The Chair: Thank you very much.

Now we'll move on to the Regional County Municipality of Montmagny, with Pierre Thibaudeau, mayor of St-Fabien-de-Panet.

[Translation]

Mr. Pierre Thibaudeau (Mayor of St Fabien de Panet, Regional County Municipality of Montmagny): My name is Pierre Thibaudeau, I am the Mayor of Saint-Fabien-de-Panet and I am speaking on behalf of the Regional County Municipality of Montmagny. I want to share with you a problem which is common to every community throughout Canada.

I will wait a moment until the chair is ready.

[English]

The Chair: Carry on.

[Translation]

Mr. Pierre Thibaudeau: I am here to talk about a major problem which affects every community with fewer than 2,000 inhabitants and who live in areas which do not have access to an important tool today, namely the cellular phone.

To truly occupy the land, a country must really be everywhere and work with the tools of its time. Today, working with the tools of the time means having access to computers, amongst other things, cell phones, and means of communication for visitors, residents, workers and people who want to move to the area. But in our area, which is the Regional County Municipality of Montmagny, located close to the U.S. border, we cannot use cell phones, we cannot communicate that way.

We received funding from the federal and provincial governments under phase I of the Internet project. That was under phase I. So there is only one connection in the village. They did not connect people's homes, but only the municipalities and the schools. Perhaps you were told that everyone across the country would be connected, but that did not happen. Municipalities and schools are not citizens. That was under phase I, and we were happy with it, but it's not enough.

Today, I want to focus on cell phone communication. Small communities are making super human efforts to keep people, to get them to live there, which many people do, but professionals who want to create their own businesses and work from home are leaving, because of a lack of access to Internet and cell phone connections.

We created a regional park, and people come from everywhere to hike, canoe on the rivers and indulge in other sporting activities. There is one tool which would make these people feel more safe, but it is unavailable, and I'm referring to cell phones. Something might happen while you're out hunting, hiking in the woods or canoeing. Today, everybody carries a cell phone. But when you don't have a cell phone, it's too bad, but you won't get any clients. This situation did not exist in the past, but it does now, and it is preventing our municipality from growing.

We are asking the federal government to develop a program to help small communities attract businesses. We are not asking for cooperatives, or our own antennae, or for the government to change the world or to change technology. That's not what we want. We want to attract businesses to places where they would normally not come because it would not be profitable enough. But these places are not profitable right now and that is not about to change. There are not enough people and we need help. We believe that it is in the federal government's interest to make every part of its territory accessible. If it does not do so, people will leave these areas, which is quite understandable.

People are concerned about security. As you know, everyone wants to live in affordable housing, have access to health care services, to good roads and communication. If one of these things is missing, people will leave small communities. You need to provide a minimum of basic services. People need access to these services, otherwise they will leave our area. Politicians can work and give as many speeches as they like, but that won't help. We need these basic services, and the federal government must help us, otherwise people will leave. In the RCM, we can support each other, we can invest some money, but on our own we cannot really make a difference.

Today, strange as it may seem, I have done the federal government a favour. The government must make basic services available everywhere. It would cost less money than buying a large frigate for the Arctic, and it will allow people to stay in their communities.

Thank you very much.

● (0935)

[English]

The Chair: Yes, especially about the politicians. We want to make sure they do their work.

We'll now move on. We have, from the National Council of Women of Canada, Catharine Laidlaw-Sly, policy adviser. The floor is yours for five minutes.

Mrs. Catharine Laidlaw-Sly (Policy Advisor, National Council of Women of Canada): Thank you, Mr. Chairman.

The National Council of Women of Canada thanks the committee for the opportunity to present some observations about our brief. We've been making annual briefs to this committee for years, so I will refer to the fact that some issues have recurred year after year.

The National Council of Women, founded in 1893, is a non-denominational federation of women's organizations, taking in organizations and individuals. It works on a very broad, holistic approach and has presented to the government steadily. We were

known as the Parliament of Women when women had no vote and no representation.

We also wish to congratulate our sisters in the Catholic Women's League on the excellent presentation they just made. We agree with everything they said this morning. You'll be interested to know that women present a very unified front on some very basic issues.

On taxation, the National Council of Women notes that the government has once again forecast a large surplus in revenue but has only incrementally increased the basic personal income tax for all taxpayers. I note that it's around \$8,800 for the coming tax returns. There's been no real attempt to address the growing gap between the well-to-do and the lower-income citizens. The reduction in the GST, which is a consumption tax, benefits higher-income persons more, since only the most basic needs—food and children's clothing—are not subject to this tax. NCWC would like to see the basic exemption increased to \$15,000 per year.

We remind the government of the continuing case of our aboriginal peoples. Their housing, health care, and educational needs are not being met. We urge that the Kelowna accords be reinstated. Prolonged and continuing negotiations while aboriginal children live in third world conditions will not meet their needs and is unacceptable in a country as rich as Canada.

Recently publicized reports also establish that a child raised in poverty will have more illness as an adult, costing our taxpayer-supported health care system more.

We also repeat our support for the Canada Health Act. We remind this consultation that we wish to have a single-payer system, a one-tier system.

On child care, the National Council urges most forcefully the reinstatement of the early learning and child care agreements. Canada, as a state party to the UN Convention on the Rights of the Child, has a binding obligation to facilitate the implementation of such programs for all children, regardless of their parents' level of income.

On the social safety net, the National Council strongly supports maintaining the gun registry. We also urge greater and assured support for a comprehensive approach to alleviating the causes and effects of violence on women and children in Canada.

Speaking on the environment, the National Council has asked for programs designed to assist and encourage individual citizens in alleviating air and water pollution. We are aware that Canadians are the greatest producers of greenhouse gases per capita in the world. We believe that strong action is needed, with government leadership setting firm goals now for all players and stakeholders to reach.

Pay equity is an issue that concerns us greatly. We note that Canada still falls short in this important step to implement its commitment under the UN Convention on the Elimination of all Forms of Discrimination against Women. Statistically, we know women still earn 72¢ for every dollar earned by a man for work of equal value.

Connected to the whole issue of pay equity is that of maternity leave benefits. The National Council reminds the government again that self-employed women and those in part-time or seasonal employment do not have equal access to this benefit. This does not maintain an equal earning field for them.

● (0940)

The recognition of unpaid work in the national accounting system is also part of this whole question of pay equity. National Council deplores the failure to recognize the value to the economy of unpaid and often uncounted work, which is done mostly by women, to the gross domestic product. It is a grave shortcoming. We need pro-rated benefits for part-time workers.

I wish to call particular attention to the justice issue. We're part of a stakeholder group examining the treatment of women in Canada's federal justice system. We repeat our support for the recommendation of the stakeholder group that an independent, external oversight mechanism be established for federal prisons for women. We note that although there are fewer than 500 federally sentenced women, almost 50% of that group are aboriginal, an indicator of racial prejudice in our society.

Thank you, Mr. Chair.

The Chair: Thank you very much.

We'll now move on to the question and answer portion.

We'll start with Mr. Pacetti. You have seven minutes.

I think we have seven minutes for everybody. We'll be able to do that, and I may even get seven minutes.

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

Thank you to the presenters. Welcome to Montreal. I know some of you are not from Montreal, so welcome. I appreciate all of you coming forward. It's nice to have a diverse group, because it gives us a chance to debate.

[Translation]

Mr. Thibaudeau, I agree with what you say. The same problem has been raised in our national caucus, in Nova Scotia, in Ontario and in other such places.

I have a fairly brief question for you. Under which program, or from which department, did you receive funding for the first phase of the service to schools? Was it from Industry Canada?

Mr. Pierre Thibaudeau: The funding came from Industry Canada.

Mr. Massimo Pacetti: Is the program finished? Is there no more funding?

Mr. Pierre Thibaudeau: It was called the Broad Band Program.

Mr. Massimo Pacetti: What happened?

Mr. Pierre Thibaudeau: The schools were connected. It works.

Mr. Massimo Pacetti: Should the program's funding be increased or should its scope be widened?

Mr. Pierre Thibaudeau: The program should also include cellphones. We went back to Industry Canada, but it seems that this is not possible.

Mr. Massimo Pacetti: Fine. Thank you.

[English]

Mr. Breeders, I'm sorry I missed your presentation, but I'm familiar with your organization.

Can you quickly take me through how the mechanism works for biotech when it comes to R and D? You don't necessarily get any of the money back. It's all the people you fund or the people whom you partner with. Is that correct?

Mr. Peter Breeders: It's a mix. When biotech companies get the R and D credits, when they come back, they will come to the company. But the company will either spend it directly within its own staffing or will invest it back into the research institutions, whether it be outsourcing to NRC, to academic labs, or to other partners. Any money that comes back from an R and D refundable credit is 100% spent, again, in terms of research dollars.

● (0945)

Mr. Massimo Pacetti: What about the money that's not being returned? There's a whole bunch of money in reserve that is not being refunded because it's non-refundable.

Mr. Peter Breeders: It just sits there and collects. It's of no immediate use to the companies, because if you look at the bulk of Canada's companies, they all spend 100%. They're not making money yet. They're not profitable. They're looking forward to paying taxes one day.

Mr. Massimo Pacetti: I don't mean to interrupt you, but our time is limited.

The argument we've been hearing from Finance is on the fact that they're hesitant to refund the money to all these corporations because they're not convinced the corporations will reinvest that money back here in Canada.

Mr. Peter Breeders: I guess there's a difference. On what we hear from Finance, their assumptions are a little different. They're talking about really large profitable companies.

For refundable credits, we're talking in terms of keeping the same income thresholds. If you're a large profitable company, you're not going to see an additional refund. We're not talking about an historical rollback. We're talking about a go-forward basis. We're focused on the small emerging companies.

Mr. Massimo Pacetti: Mr. Curran, very quickly in terms of the indirect costs, you're asking for 40%. In your brief, and you explained why you want to go from 25% to 40%, but is it really going to make a difference? Where do you presently get the money to cover the indirect costs?

Mr. William Curran: Each institution has its own percentage of the indirect cost. There is no global percentage that comes directly to the libraries. Is that what you're asking—what comes to the library?

Mr. Massimo Pacetti: Yes.

Mr. William Curran: We're aiming for 40% because we believe that 40% is what should take place, given the increasing costs of access to scholarly information, given the amount of scholarly information out there, and given the amount of research that is taking place in the universities and the institutions.

Mr. Massimo Pacetti: Thank you.

Mr. Ryan, how are you presently funded?

Prof. Dominic Ryan: The operation from the research side is funded jointly by NRC and NSERC. The reactor itself is run by AECL, so they fund it through that crown corporation.

Mr. Massimo Pacetti: Do you get outside funding from private corporations? Is it 100% from those two? You can't partner? You were talking about uranium, the fact that you don't get any funding from private companies that are uranium producers.

Prof. Dominic Ryan: The AECL facility is a commercial facility run as part of the support for the CANDU program. The research reactor is part of that support. As neutron scanners were passed.... We just use the facilities and we get the neutrons for free. And we're funded by NSERC and NRC to provide that access and to support the organization.

The isotope business is funded out of Nordion. It's a diverse multi-user facility that many different groups are built around, but trying to get one organization to come front up with \$800 million over eight years to build a replacement has proved very difficult. It touches on so many different departments that no one will take it and champion it and bring it forward.

Mr. Massimo Pacetti: Thank you.

I want to thank Ms. Noble and Ms. Dorner and Ms. Laidlaw-Sly. A lot of the comments you made I think we agree with, our party especially. We put some moneys toward the Canada Council for the Arts and I think we had promised them additional moneys, and I think we're a little bit behind. You're asking for \$100 million for the council, and I think it's money that's required.

Ms. Noble, my question to you is this. In your brief you talk about tax breaks that are being given to corporations. Can you come up with a specific example? We'd like to see what specific example you have a problem with, what the Government of Canada is giving in terms of tax breaks that corporations shouldn't be receiving.

You can think about that. If you have the answer now, I'll take it. But if not, you can forward it through the clerk.

Ms. Lorette Noble: I will definitely look into that and forward it to you. It was specifically targeting the Canadian mining industry working abroad and being facilitated to do things through consular services and possibly tax breaks. But we will look into it and get it to you.

Mr. Massimo Pacetti: Great, thank you.

Thank you, Mr. Chairman.

The Chair: Thank you very much.

We'll now move on to Monsieur St-Cyr.

[Translation]

Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ): Thank you, Mr. Chairman. Thank you to everyone who came to Montreal.

Since this is our last day of consultations, I would like to take this opportunity to thank the committee staff, who helped us all week, be it the people sitting at the table, the interpreters or the people responsible for logistics. Our staff has done an excellent job, and thanks to them we were able to travel through Canada and Quebec to meet with the people and to better understand their reality.

The situation Mr. Thibadeau described was quite striking, interesting and real. In fact, it deeply affected me, because my parents live close to Saint-Donat, in the forest near a tall mountain. When I visit my father, he never fails to mention that he is "sick" of low-speed Internet and that if he wants to speak on his cellphone, he has to stand near the window, on tiptoe while smiling and without moving his head.

To a large extent, people have to deal with real problems. I also liked the parallel you drew when you said that Canadians have to be present everywhere throughout the land. It was as if the idea came to me spontaneously, and I had to smile when you talked about the frigates we are buying to protect our sovereignty in the Arctic, when in fact what we need to do to be present everywhere is to help people live and stay in their communities.

You did not ask for any specific or concrete measures in your brief. But we need your help to make recommendations which will be contained in the report we will present to the House. We hope the minister will read it. What would you like to see in this report? Do you need grants, tax credits or incentives? What would you like us to do?

• (0950)

Mr. Pierre Thibadeau: I talked to the phone company. The problem is one of capital. An antenna costs \$500,000. The price is supposed to come down as technology progresses. But the company still does not want to invest that much money. Part of the purchase price of the equipment will have to be directly subsidized.

Mr. Thierry St-Cyr: So you're asking for investment in infrastructure when needed, and not for operational costs to be subsidized. So you're saying that the government should give money to the company so that it can install an antenna.

Mr. Pierre Thibadeau: Let me give you a concrete example. The company cannot estimate the number of potential clients. In a normal situation, the phone company makes money when people talk on their cell phones in any location. But in our case, they cannot assess that. Many people, such as mechanics, Xerox representatives and others, come to our area for all kinds of reasons. But the phone company cannot assess whether that translates into profits. And it doesn't want to subsidize its profits.

The teenagers who live in our area go to CEGEP in Quebec City, and that is where they buy their cell phones. The day we all have cell phone access, these students won't buy their cell phones in Quebec City anymore; the parents will buy them their phones and they will pay for the service in our area. But it is hard for the phone company to assess how much money that cell phone use will generate. The company has studied the overall situation—rather than our specific one—and has concluded that it is not in its financial interest to buy that antenna.

It's just a matter of installing the basic equipment, and then it will be business as usual. I apologize for speaking English, I did not want to offend you.

Mr. Thierry St-Cyr: Fine. So...

Mr. Pierre Thibault: You seem too serious. Your trip through Canada has worn you out.

Mr. Thierry St-Cyr: It's Friday for everyone.

Mr. Pierre Thibault: In Quebec, we relax on Fridays.

• (0955)

Mr. Thierry St-Cyr: I suppose it would be impossible to have one antenna for the entire area.

Mr. Pierre Thibault: No, not necessarily. It's a complex problem. I don't want to bore you with it. An antenna cannot cover a large mountainous area; there are some limits. So we would need another antenna or a repeater. I don't have all the answers, but I do know some things.

The program must include access, which should be negotiated by competent people. I don't have that expertise, but others do. I don't want to say something which might be wrong.

Mr. Thierry St-Cyr: The same applies to high-speed Internet. I know that in certain municipalities, only city hall, the local school and the downtown area received high-speed Internet access. It was done via antenna rather than by wire or cable, because that would have been too complicated. So we would need a high-speed Internet and cell phone infrastructure program for remote areas.

Mr. Pierre Thibault: It's more a matter of lack of access than remoteness, because sometimes the areas are not really that remote. That's why I said it was important for the government to help people to stay in their communities, regardless of where they are located.

Mr. Thierry St-Cyr: Thank you very much. I will continue with Ms. Laidlaw-Sly.

Recommendation C of your brief concerns child care. I would like the committee to review the measures which were implemented, including the Universal Child Care Benefit in the amount of \$100, which is paid each month to the caregivers of children under the age of 6. However, the person with the lower income who receives the benefit must pay tax on it, and I've often heard that this is ridiculous.

In cases where family income is very high, for example a member of Parliament who earns \$150,000 and whose spouse stays at home, no tax will be paid on the benefit. On the other hand, a single mom earning \$30,000 will have to pay several hundred dollars on her \$1,200 benefit. It leaves me stunned. Yet we had suggested that the government tax the family income and not the income of the lower earner.

Do the people you represent have to deal with this situation? What do the members of your council think?

[English]

The Chair: Just a very quick answer.

Mrs. Catharine Laidlaw-Sly: Our members at National Council have criticized the present child benefit for just the reasons you've spoken about—because it is unfair in its application and it can be claimed as a benefit by a spouse who is doing full-time child care in the home and is not obliged to be working in the paid workforce. We believe that a program that is at least partially, if not completely, funded out of the taxpayers' dollars and is to the benefit of all the children in the country is the way to go.

We cite the example here in Quebec. All of our members in other provinces envy women in Quebec. There is as a result a minor baby boom in Quebec, because we are providing more adequate care here. It's a matter of choice, and a government that is implementing the desires of women, who are mostly the caregivers where children are concerned.

But we believe we need a comprehensive program with standards and with an early-learning component in it so that we overcome difficulties.

The Chair: Okay, thank you very much, Ms. Laidlaw-Sly. Your time has gone.

Monsieur Harvey, the floor is yours for seven minutes.

[Translation]

Mr. Luc Harvey (Louis-Hébert, CPC): First, Mr. Thibault, you should not address your concern to the Department of Industry, but rather to the Department of Transport, Infrastructure and Communities, of which Mr. Cannon is the minister. He has a budget of \$25 billion for the kind of infrastructure you are looking for. I would invite my colleagues to closely study the budget so that people like yourselves are directed towards the right department and program.

Second, Ms. Noble, you said that corporate taxes should not necessarily be cut. But isn't real wealth the ability to provide jobs to the poor, rather than paying them out of money raised in taxes?

[English]

Ms. Lorette Noble: For me, creating employment for everybody is certainly the ultimate and first goal, because that has benefits for everybody. But when this is not possible, there should be enough support for people who are marginalized, so they will be able to live in affordable housing. And certainly single parents who don't have a choice and have preschool-aged children should have benefits that are not taxable. That is where the inequity that was spoken about earlier occurs.

Was there another part to your question?

●(1000)

[Translation]

Mr. Luc Harvey: As I told Ms. Laidlaw-Sly, the objective remains the same. I can assure you that I will always be there to help a homeless person, to help someone who is in a truly bad situation, or even a disabled person. However, there are different ways of helping these people.

This government's main priority is to create a business-friendly climate. There is also the international context. Everyone is aware of the competitive pressure which comes from China because of its very cheap labour costs. Chinese workers work under conditions we cannot possibly provide. China pays its labourers \$1 a day, something no one can compete with.

Let me give you an example. GlaxoSmithKline is a European company which moved into my riding; it spent \$1.2 billion because it was offered what it needed; and 1,000 jobs were created. Our goal is to create tax measures to not only attract large-scale investment from big corporations, but also to create good jobs.

I believe you talked about low-paid, part-time jobs. But when Canada's tax system makes Canada as a whole more competitive, all Canadians of all classes benefit, including lower-educated Canadians, Canadians with graduate degrees, and Canadians who are very adaptable. We do not want to lower taxes to help property owners become richer, but to make Canada a more attractive place for foreign investment.

You also said that we should invest more in the environment. Canada has invested \$9.1 billion in the environment. It is one of the countries which has done the most for the environment. I can guarantee you that the reduction objectives of 20% by the year 2020 are binding, and that Canada's greenhouse gas emissions will fall by 20% by 2020.

Ms. Catherine Laidlaw-Sly also talked about the firearms registry. Of the 498 murders committed with a firearm, three were committed with a registered firearm, which means that the remaining 495 murders were committed with illegal firearms. I would invite my colleagues of the Bloc and the Liberal Party to work with us in a more cooperative manner to create legislation which would impose minimum mandatory sentences for firearms-related offences.

[English]

The Chair: Do you have a question?

Mr. Luc Harvey: Ah, the question?

The Chair: Oh, oh!

Mr. Luc Harvey: No, not a question; it was more a comment about what we heard.

The Chair: Do you have any other questions? Go ahead.

Mr. Luc Harvey: Okay.

[Translation]

I will talk about the isotopes of the Canadian Institute for Neutron Scattering. The government will invest \$800 million. Is this over one year? Over how many years will this investment be spread?

●(1005)

[English]

Prof. Dominic Ryan: The \$800 million is the construction cost. It will be spread across seven to eight years for the whole project, to bring it up to completion. So it's roughly \$100 million a year. It would be small at the beginning while the engineering and design studies are done, and then it would go through a maximum while you actually did the construction, and then it would settle down to a slightly lower rate at the end. But it's over eight years.

[Translation]

Mr. Luc Harvey: What was the return on investment with regard to the most recent centre located in Chalk River?

[English]

The Chair: Ask a very, very tight question.

[Translation]

Mr. Luc Harvey: What was the return on our investment in Chalk River?

[English]

Prof. Dominic Ryan: You have the whole CANDU technology behind it. You have the medical isotopes business, which is providing 20 million treatments a year, a business that we created. You have all the research that goes on. On the neutron beams from Chalk River, we invented two major techniques in neutron scattering from that, which are now established worldwide. We have an international reputation and attract the best scientists and engineers to that facility to do both fundamental research and very applied research.

When *Columbia* blew up, we had pieces from their boosters coming in for analysis so we could understand what was going on in its welds. From rail cars to welds in space rockets, you name it, we've studied it.

The Chair: Okay, thank you very much.

Now, we'll go to Madame Thäi Thi Lac. The floor is yours for seven minutes.

[Translation]

Mrs. Ève-Mary Thäi Thi Lac (Saint-Hyacinthe—Bagot, BQ): Thank you, Mr. Chairman.

I am very pleased that you are all able to testify before the committee. I am also very pleased to be here with you this morning.

Everyone agrees that the federal government has a huge budget surplus. Paradoxically, everyone knows that some sectors in certain areas are in a crisis, including the manufacturing, forestry and agriculture sectors. Corporate tax credits may be a good thing, but they only benefit companies which make huge profits. However, many companies will not be able to take advantage of these tax credits.

So rather than making tax cuts a priority, as they will only benefit wealthy companies, and reducing the GST, the government should have invested its huge surplus in infrastructure, education and health.

I know that the high Canadian dollar has greatly affected the competitiveness of Canadian companies, especially in the manufacturing sector. I would like to hear what you think about that situation.

[English]

Mr. Peter Brenders: Few of our companies within the biotech sector in Canada are into full manufacturing, but there is no question that the increase in the dollar has affected Canada's competitiveness for investment in the research. So it does affect Canada; it's a more expensive place in which to invest in companies and their products, so....

I don't know if anyone else can answer that.

The Chair: Does anyone else want to take a run at that? I see none.

Do you have another question?

[Translation]

Mrs. Ève-Mary Thaï Thi Lac: Yes.

The government has withdrawn its support to social programs. It cut funding for women's literacy organizations. It refused to reinstate POWA, a program which helped older workers after mass layoffs. It also refused to fully retroactively pay seniors the Guaranteed Income Supplement. The government's lack of commitment to social programs has made people less competitive. It's also very well and good to lower taxes...

Ladies, I would like to know what you think about ongoing funding. There's funding, but we also need to talk about ongoing funding.

[English]

Ms. Jennifer Dörner: In terms of the ongoing funding in the arts and cultural sector, yes, the message I'm really trying to push is that we really need core, stable funding, an increase to the Canada Council that is permanent, and also to keep programs like the Tomorrow Starts Today initiative. In the arts, we're always worried about losing these programs and then going back 20 years in terms of the amounts of funding we're getting. So we really need to have stability so our organizations can become permanent within their communities.

• (1010)

The Chair: Thank you.

Do you have another question?

[Translation]

Mrs. Ève-Mary Thaï Thi Lac: I would like to conclude by talking about Quebec's distinctiveness. Quebec has been recognized as a nation, but it has specific needs. The government must recognize that it should adapt some its programs to help communities in certain regions of Quebec.

My final question is for Mr. Thibaudeau. You talked about subsidies for cell phone service in your area, but I would like to hear what you have to say about the CRTC. Applying for a licence can be a complex undertaking.

Mr. Pierre Thibaudeau: That shouldn't be too hard. It's no problem getting a licence.

Mrs. Ève-Mary Thaï Thi Lac: You said that a line was laid to connect the school and the municipality; was it optic fibre? It wasn't a cable, was it?

Mr. Pierre Thibaudeau: It was cable for the three municipalities, and for every other place in the RCM, it was optic fibre, including Bellechasse and L'Islet. Telus provided the connection to the school board of these municipalities.

[English]

The Chair: Thank you very much.

We'll now move to Mr. Dykstra. You have seven minutes.

Mr. Rick Dykstra (St. Catharines, CPC): Mr. Harvey is going to take the first part of my time.

The Chair: Mr. Harvey.

[Translation]

Mr. Luc Harvey: First, I would like to get some additional information from Ms. Laidlaw-Sly.

You talked about daycare spaces throughout Canada. Do you believe the federal government has given the provinces enough money to create daycare spaces?

[English]

Mrs. Catharine Laidlaw-Sly: Yes, yes, and yes. The simple answer is that there was a program developed and a series of agreements presented, at least in the draft form. And the National Council of Women of Canada members were very pleased to think that at long last there would be the facilitating legislation and backup funds, or guarantee of funds, to ensure there was a national program of day care.

Yes, it is administered at the provincial level. We understand that. There will always be this difficulty in Canada, and it will always be possible for respective layers of government to say that it's really a federal issue or it's really a provincial issue. But when it comes down to care of the children, they are Canadians, and we wanted to see a program that provided good day care of an acceptably high standard with an early learning component in it.

[Translation]

Mr. Luc Harvey: Ms. Laidlaw-Sly, do you realize that since 2006, the Canadian government has transferred \$250 million a year to the provinces to create daycare spaces? Were you aware of this program?

[English]

Mrs. Catharine Laidlaw-Sly: Yes, we read this, but the results have not shown up.

What we do also hear the federal government saying repeatedly is that they have this child benefit of \$100, which, as our colleagues have noted, is taxable and it is not administered fairly then. It's not an equal gift to all. The better off you are, the more benefit it is to you. It does not help low-income working people, although it does help people on—

[Translation]

Mr. Luc Harvey: Ms. Laidlaw-Sly, the \$250 million I just mentioned is not the money given to caregivers in the amount of \$100 per person. I'm referring to the \$250 million which is transferred to provincial governments to create daycare spaces.

Were you aware of this program?

[English]

Mrs. Catharine Laidlaw-Sly: We read about it, but we don't see the results.

● (1015)

[Translation]

Mr. Luc Harvey: Ms. Laidlaw-Sly, I will give you a copy of page 104 of the budget, so you will understand what is happening. I would invite you and your association to ask your provincial governments whether the money they have received is actually being spent on daycare spaces. The provinces often blame the federal government, but they do get the funding. In fact, the province of Quebec received nearly \$200 million to help integrate immigrants. But it turns out that only \$120 million was spent for that purpose.

When the federal government gives money to the provinces, you have to watch them, because they are the ones who spend the money, and they don't always spend it as intended. I asked for copies of page 104 to be made; you will be able to see for yourself that this program truly exists. The money is there for you, as it is for Mr. Thibaudeau, who can access \$25 billion in funding...

Mr. Pierre Thibaudeau: You may claim that, but I'm not so sure. I want the address and the phone number. I will call tomorrow morning and then I will get back to you. You can be sure of that.

Mr. Luc Harvey: Mr. Thibaudeau, tomorrow is Saturday, but I will have an answer for you by Monday morning. I've given you my card; it would be my pleasure to provide you with an answer.

Mr. Pierre Thibaudeau: You can be sure that we will not leave it at that. I would not hesitate for a moment to tell everyone that you are right, but this morning, you are wrong.

Mr. Luc Harvey: All right, fine.

Mr. Pierre Thibaudeau: We have been working on this issue for two years with nothing to show for it. So let's get back to each other.

Mr. Luc Harvey: No problem, it will be my pleasure.

[English]

The Chair: I think he's badgering the witness.

Voices: Oh, oh!

Mr. Pierre Thibaudeau: Remember, you're in Quebec.

The Chair: Did you want to take all your time, Mr. Harvey?

Mr. Luc Harvey: *Je vais donner le....*

The Chair: Mr. Dykstra, go ahead.

Mr. Rick Dykstra: Mr. Curran, you actually commented on the CANARIE program, and I was wondering if you could expand a little bit on it. I know we've provided funding; the multi-year funding on that is five years. Could you expand a little bit on how it specifically impacts the Canadian Association of Research Libraries? It intrigued me that you're among the few folks who have come

forward to talk about an existing program and how it's been beneficial in a pretty strategic way.

Mr. William Curran: From the five years between 1999 and 2004, I have only one statistic I can share with you: CANARIE funded 32 projects through its \$29 million cost-sharing e-learning program to promote innovative e-learning applications. That's probably the only fact I have on hand to answer your question.

As I said in my presentation, CARL strongly supports the government's move to make sure CANARIE is funded. It's funded for the next five years, and we're glad to see that.

Mr. Rick Dykstra: Thanks.

I did want to ask Mr. Ryan a question.

I had a chance to go through your brief, and one of the things that intrigue me in terms of the success of the work and the building you've been doing over the last number of years is that you've been able to generate revenue. Not too many research organizations can lay claim to that.

This is a suggestion, and you can comment on whether you can do it: it would be extremely helpful if you could show your revenue projections over the next number of years in terms of how that would assist in covering the costs that you indicate of \$100 million a year for the next eight years. The ability to understand how you would facilitate the revenue to be able to pay for the construction of the new facility would certainly provide a lot of assistance to us, not just on the government side but also the entire committee. Obviously we could then determine what our role as a government would be in that investment.

Prof. Dominic Ryan: I guess the most obvious is that when NRU was built, which is 50 years ago now, the expectation of revenue wasn't there. It was an investment in the future, and the possibilities were then built on as they came along. All of the new stuff that happened in the 50 years that it's been in existence and in operation is stuff that appeared and we were able to do because of the innovative design and the vision of the people who put it together.

So we can project, but as I try to say in my brief, it's very difficult to predict the future when you actually don't even know where you're starting. None of the things that have been done in NRU were planned when NRU was built. They all were enabled by its existence, so projecting what we're going to do when we do something new is really very difficult.

● (1020)

Mr. Rick Dykstra: I understand it, but I think it's going to have to be part and parcel of your presentation. I understand what you're saying, but I'm just making a suggestion.

Ms. Sly, I wanted to ask you a question.

Your brief indicates that you're a non-partisan organization, yet almost every request and suggestion and recommendation you make is against what the current government is doing. So I wanted to be clear and get it on the record that despite the fact that you've basically opposed everything this government has done in the last two years, you are non-partisan.

Mrs. Catharine Laidlaw-Sly: You're quite right, we are not partisan. As a matter of fact, one of the issues your government has addressed is our request made some years ago to consider the age of consent. You have acted on that, and we congratulate you on the action taken.

We are quite happy to either criticize or advise any government at any level. I think the previous government and other parties can assure you that we've been equally critical.

Mr. Rick Dykstra: Thank you. I'm not worried about that, I'm just concerned about the way you presented it. It didn't accentuate the fact that you're non-partisan.

That's fine.

The Chair: Thank you.

As the chair, I normally don't do this, but I'd like to ask a couple of questions, more just to get information from the presentations that I sense may help the committee a little bit.

I want to start with you, Ms. Laidlaw-Sly. In your presentation you commented on the Canada Health Act and said you supported the principles of the Canada Health Act.

Mrs. Catharine Laidlaw-Sly: Yes.

The Chair: I think that's fair enough; I think most Canadians do as well.

There is also a principle of the care guarantee and initiative that is taking place right now between the provinces and the federal government. I don't see that anywhere in your brief. Is that something you promote and agree with, or not?

Mrs. Catharine Laidlaw-Sly: Yes, essentially, but we have not specifically addressed it in depth at the grass roots level. It's under discussion, but the last presentation we made on it was our brief to the Romanow commission dealing with the whole health care program in Canada. And yes, we were looking for more reasonable access to care—and timely access.

All of this has since been incorporated in aspirational goals, at the very least, for the system. But we repeat, some of those goals seem to be purely aspirational, which has a bit of a hot-air sound, doesn't it?

The Chair: Well, I think every province has initiated at least one care guarantee on one procedure, and this is a beginning, hopefully, of things to come. I just wanted to know whether in principle your foundation supported it or not.

Mrs. Catharine Laidlaw-Sly: In principle, yes.

The Chair: The other thing is, on the principle of the Canada Health Act, you also talked about your being opposed to private delivery of care.

Mrs. Catharine Laidlaw-Sly: Yes, we are—private, for-profit, yes.

The Chair: But the principle of the Canada Health Act doesn't oppose that, so that's my conflict. The principle of the Canada Health Act is that we have a single-payer system. The delivery of the system is not talked about in the Canada Health Act. That's why I wanted to be clear that up for the committee.

So what you're suggesting is that you're okay with the single payer system, regardless of who delivers it? Or do you want to shut down any private delivery?

Mrs. Catharine Laidlaw-Sly: Oh, okay.

Perhaps the original writer of this brief used an unfortunate choice of words. We have always wanted a single-pay system with the guarantee that it's the taxpayers' money that is being used to fund the system. Every bit of work that becomes privatized becomes an unfair cost to low-income people.

The Chair: I'm just trying to discern whether you're against the Canada Health Act or for it.

Mrs. Catharine Laidlaw-Sly: No, we have supported the Canada Health Act.

The Chair: Okay, then you're agreeing to some private delivery options within the Canada Health Act.

Mrs. Catharine Laidlaw-Sly: Provided they're not coming out of the user's immediate wallet. This is an unfair burden.

● (1025)

The Chair: That's about paying for the system, not about delivery of the system. I just wanted to clarify that.

I have another quick question.

Mr. Brenders, you talked about \$2 million going to \$10 million. I'm wondering where that number actually came from?

Mr. Peter Brenders: It's a reflection of the cost of operation. If you increase \$2 million by just the CPI in the last 22 years, you're going to get a little over \$6 million, almost \$7 million, but it's more a reflection of the cost of research today. When the \$2 million was set in 1985, it kind of reflected the operation of the business. Today our companies are spending \$10 million to \$20 million a year in terms of their research. In retrospect, we should have said \$2 million to \$20 million.

The Chair: That's what I was wondering.

Mr. Peter Brenders: We hedged our bets on that one way too early. We'd welcome a more aggressive approach by the committee.

The Chair: I see. I was just wondering how you came up with that.

Let's say that we did this. What do you expect would happen?

Mr. Peter Brenders: What we'd expect is a bit of a cost, but we'd also see sort of a net positive generation. The Department of Finance's own paper shows that every dollar they spend creates \$1.11 back, and I think that's a bit of an understatement. We heard Dr. Martin's estimate, which was even more than that.

More to the point, what we're going to see are more jobs. We are going to see companies that are going to stay in Canada longer. We're going to see more investment in our Canadian companies. Our industry will grow, and we will maintain and hopefully build on our leadership in biotech. And that's going to touch all our industries.

The Chair: "A bit of cost" is an interesting term.

Mr. Peter Brenders: It is \$200 million.

The Chair: Okay, thank you very much.

Those are all the questions I have.

I thank the witnesses for coming forward and for presenting before the committee.

With that, we'll have a quick break as we reshuffle and get prepared for the next groups that we have.

- _____ (Pause) _____
-
- (1035)

The Chair: We'll call this segment of the meeting back to order. We have a full panel in front of us, so we hope you'll keep your time to five minutes. I'd encourage you not to try to sneak that extra minute and a half, which is so traditional. Let's try to keep this to five minutes.

We'll start right off the bat with Bioniche Life Sciences Inc., and we have Rick Culbert.

Mr. Culbert, the floor is yours for five minutes.

Mr. Rick Culbert (President, Food Safety Division, Bioniche Life Sciences Inc.): Mr. Chair, members of the committee, on behalf of Bioniche Life Sciences, thank you for this opportunity.

Bioniche Life Sciences is an innovative Canadian biopharmaceutical company based in Belleville, Ontario. Our mandate is to act on innovation and to improve the quality of life. We are publicly traded, invest heavily in research and development, and are currently employing 200 people in highly skilled, science-based jobs.

I'm here to speak about a vaccine against E. coli O157:H7, a deadly bacteria that continues to affect Canadians and consumers worldwide. The associated disease was originally termed "hamburger disease" as outbreaks were traced back to undercooked hamburger. It's hard to believe this was first identified 25 years ago, and yet huge recalls of hamburger still occur. This germ can also be present in produce, as you may recall the outbreak due to contamination in spinach in 2006.

Of greatest prominence, however, would be the tragic outbreak in Walkerton, Ontario, in 2000. Thousands fell ill, seven died, and 27 will never return to normal health, all due to this bacteria. At the time, governments at all levels vowed to ensure that tragedies such as Walkerton never happened again.

The development of this vaccine resulted in an international award, and it is truly an across-Canada success story with genuine thanks to R and D funding from the Government of Canada. Initial discovery: UBC. Scale up: Alberta Research Council. Testing: VIDO at the University of Saskatchewan. Commercialization: Bioniche Ontario. The Bioniche research group is based in Quebec and we are considering some supplementary manufacturing in P.E.I.

Ruminants, particularly cattle, are the primary reservoir of this E. coli as these animals have no receptor for the bacteria's toxin. Consequently, this strain lives within the intestines of cattle without any ill effects to them, and exits their body regularly in the manure. When people are exposed, this germ causes common diarrhea in most. However, intestinal hemorrhage and severe bloody diarrhea develops in about 10% to 15% of cases, and 5% to 10% of these progress to kidney failure and/or death.

Perhaps the scariest hidden threat is how this E. coli, when present in water, can be drawn up through the roots and be inside fresh produce such as spinach and lettuce. Consumers should not have to fear that fresh produce could cause disease.

Although this innovative vaccine could easily be defined as a public health vaccine, as it reduces the public health risk, it is not given to the public but, alternatively and more strategically, to cattle. This way the vaccine can work to prevent the E. coli strain from entering the environment and the food and water supplies right at the source.

This breakthrough could not come at a better time. Just recently the CFIA recalled numerous beef products, and immediately prior to this was a huge recall for 22.7 million pounds of hamburger in the U.S.A. that was linked to Canadian beef. Needless to say, this attracted the attention of the USDA, and the negative publicity was yet another blow to Canada's beef industry, which frankly is still struggling to recover from BSE or mad cow disease.

An independent economic report estimates that vaccinating Canada's entire national herd would provide a two-to-one return on investment, with benefits of \$63 million—a \$30 million reduction in health care costs and a \$33 million benefit to the agricultural economy. Canada is currently the only country in the world where regulators have granted cattlemen access to an E. coli O157:H7 vaccine. One might assume that cattlemen would quickly move to vaccinate their animals; however, it's not that simple, and hence the reason for this presentation.

Cattlemen receive no direct benefit for incurring this cost. Unlike animal health vaccines, this vaccine will not benefit cattle in any way. Canadian cattlemen are willing to administer the vaccine, but really cannot justify incurring any added expense without an offsetting increase in revenue. A Government of Canada program that encourages adoption of the E. coli O157:H7 vaccine over a period of three years would provide leadership for the agricultural sector, use innovation for the benefit of public health, and position Canada as a global leader in food safety. The goal of this program would be to vaccinate the national herd by 2010.

I'm asking this committee to recommend that \$50 million be allocated in the next federal budget to facilitate adoption of a cattle vaccination program over three years. After three years, the benefits of inoculating cattle against this E. coli are expected to be readily evident and justify continuation based on normal marketplace forces.

In summary, this Canadian vaccine is a world first and a shining example of innovation. Widespread adoption will position Canada as a global leader in food safety and provide much needed assistance to the agricultural sector, particularly the beef industry. It will also preserve consumer confidence in Canadian food and benefit public health.

• (1040)

Thank you. I'll be pleased to answer any questions.

The Chair: Thank you very much.

We'll get to the questions as soon as the panellists are all done, but we'll now move on to the Air Transportation Association of Canada. We have Sam Barone, president and CEO.

The floor is yours. You have five minutes.

Mr. Sam Barone (President and Chief Executive Officer, Air Transport Association of Canada): Thank you, Mr. Chairman.

• (1045)

[Translation]

Good morning, Mr. Chairman, and ladies and gentlemen. My name is Sam Barone. I am the President and Chief Executive Officer of the Air Transport Association of Canada, an organization which represents commercial aviation in Canada.

[English]

Before I begin my formal remarks, Mr. Chairman, allow me to apologize for the lack of translated copies of my remarks. We will be making those available as soon as possible.

Indeed, it is an impressive and important system that we are talking about today, the commercial airline system. Every day our members, representing companies as diverse as Air Canada, WestJet, Air Transat, as well as regional players like Air Québec and First Air, connect tens of thousands of Canadians and their products to each other and the world. Put simply, commercial aviation is a vital input to every segment of the Canadian economy, in particular travel, tourism, and trade.

As you might imagine, Canada's commercial aviation industry very much welcomes this theme of prosperity insofar as our industry is being dragged down by a highly punitive, industry-specific taxation regime that limits investment in new service and fair options

for Canadians. Instead of enacting policies designed to spur such investment, the aviation industry in this country and our passengers are being asked to pay additional input taxes that drain approximately \$0.5 billion a year out of our sector and the rest of the Canadian economy.

The airport rent regime continues to stand out as the most egregious example of penny-wise pound-foolish policy. Every year the Government of Canada collects between \$200 million and \$300 million in rents from not-for-profit airport authorities for simply having the facilities that they entirely built and paid for on crown land.

Let us recall that the Government of Canada transferred control of these assets to local authorities in the 1990s as a deficit-fighting measure. Transport Canada used to lose millions of dollars a year running these airports and had no financial means to invest in the upgrades. In one fell swoop, they transferred complete responsibility for the airports and their employees to these local authorities and absolved themselves of financial responsibility, while simultaneously guaranteeing themselves a perpetual revenue stream. To date, these airports have collectively been valued at over \$295 million, when they were transferred, and have paid over \$2 billion in rent to the crown. Toronto alone has paid over \$1 billion.

While we clearly think it is only proper to eliminate the airport rent policy entirely, Canada joins Peru and Ecuador as the only developed nations with an airport rent policy regime. At the very least, we think this committee ought to immediately recommend that the rent formula used to calculate payments to the crown not include debt-servicing costs.

The air travellers security charge represents another critical element of taxation policy deserving of reconsideration. Although some may challenge my characterization of this fee as a tax, as there is a service provided in return, I would humbly suggest that our passengers are not actually receiving a unique service from which only they benefit. In fact, aviation security is clearly in the broader national interest. Securing our skies from threats, internal or external, is central to any country's broader national security plan.

In audited financial statements released by the Department of Finance this past summer, the air travellers security charge shows a surplus of revenue over expenses of \$80 million. Since its inception in 2002, we estimate that the federal government has collected approximately \$200 million in excess revenue from this charge, which was used by CATSA to provide the screening services. This is, pure and simple, overtaxation. It's unfair to our passengers and shippers, and it should stop.

The last item of industry-specific taxation policy that should be reconsidered is the federal fuel excise tax. Originally introduced in the 1980s as a temporary deficit-fighting measure, this surcharge imposes a 4¢-per-litre levy on jet fuel, in addition to other such levies imposed provincially across the country. This rate is almost four times the rate applied in the United States, our largest bilateral aviation partner, where the charge stands at 4¢ a gallon or 1¢ per litre. We estimated last year the Government of Canada took in over \$100 million from this tax, and with fuel approaching \$100 a barrel, this is a very regressive one indeed.

In regard to all of these industry-specific taxes in our sector—rent, the security charge, and the fuel excise tax—we suggest that this committee ask one fundamental question: should government tax the inputs of doing business, as they are doing now in the aviation sector, or should they instead help lower the costs of doing business to encourage a healthy competitive industry, which should then be taxed like other industries on the outputs of their business activities, namely profits and wages?

• (1050)

You should receive, Mr. Chairman, a very receptive audience from the Minister of Finance. In various government policy statements, programs and initiatives, we hear the right kind of messaging that is very much reflective of what we are calling for here today. Minister Flaherty stated in his last budget that the government wants to create an infrastructure advantage for Canada as part of its Advantage Canada plan. However, they are perpetuating the single greatest infrastructure disadvantage for Canada through its rent policy.

If we can agree that developing gateways to move goods efficiently from overseas through North America is a worthwhile exercise, why is there no similar vision to facilitate the movement of goods and people through our airports? Are we just prepared to let Toronto and Montreal be beaten out by the Buffalos, Detroit, and Plattsburghs of this world when it comes to connecting travellers?

If the global commerce strategy is an important tool to identify and target new international competitive opportunities for Canada, why in our industry do we continue to permit security charges and fuel taxes that are out of line with what our international competitors are charging?

Finally, if we all agree that open skies and increased global liberalization is a worthy goal for our aviation sector—and let me stress, Mr. Chairman, that we definitely agree with that goal—why are we charging ahead with one hand tied behind our backs?

We are proposing—

The Chair: Very quickly.

Mr. Sam Barone: We are proposing that this committee recommend that the Minister of Finance actively seek out and destroy policy barriers to growth and competitiveness in this budget.

In short, we agree with this vision for growth and we want in.

Merci, monsieur le président.

The Chair: Thank you very much.

I would just let the committee know that there's nothing like an Olympian to draw cameras, and we have cameras in the room. As

long as nobody picks their nose at an inappropriate time, we'll get through this fine.

I want to say welcome and thank you for coming home to Mr. Alex Baumann with the Canadian Olympic Committee. The floor is yours for five minutes.

Mr. Alex Baumann (Executive Director, Road to Excellence Program, Canadian Olympic Committee): Thank you. The pressure is on.

Good morning. I'm Alex Baumann, the executive director of the Road to Excellence program, and I'm here on behalf of the Canadian Olympic Committee.

[Translation]

I would like to begin by thanking you for inviting us to the prebudget consultations of the Standing Committee on Finance.

[English]

I'm here to ask you to support the allocation of \$30 million annually in the next budget in support of the Road to Excellence program, designed to help our Summer Olympians compete with and win against the best in the world.

Less than one dollar per Canadian a year will create role models who will inspire activity in our youth and put them in recreation centres instead of malls. Less than one dollar a year will unite this nation as we share in the pride of our athletes' achievements from coast to coast. Less than one dollar a year will help create heroes who are a metaphor for excellence in all dimensions of Canadian life.

I would like to share some of my insights as a former Canadian Summer Olympics gold medallist.

During my swimming career, Canada's team was strong and competitive with the rest of the world, but Canada has failed to hold its position in relation to other countries. In recent years, every other G8 nation has significantly increased its investment in sport because they recognize the social and health benefits of that investment. Sadly, Canada's support for sport has not kept pace with these nations and we lag far behind in funding high-performance programs that allow our kids to reach their maximum potential.

I was proud to represent Canada during my competitive career, as are athletes today. Canadian athletes want to be the best in the world, and there is a renewed focus on excellence in this country.

When I decided to return to Canada last year after helping build Australia's exceptional high-performance sports system, I made a commitment to Canadian summer athletes that I would try to give them every opportunity to succeed on the international stage.

[Translation]

But I can't do it all myself, and neither can our athletes. As you all know, the Canadian government and the Canadian Olympic Committee work hand in hand to help Canada's Olympic athletes perform at the international level.

[English]

This partnership has to be a priority for Canada through the Road to Excellence program. The program is unique and consistent with the government's objective of implementing shared responsibility structures. It relies on a partnership between the Canadian Olympic Committee, the Canadian Paralympic Committee, private sector partners, and the federal government to deliver high-performance summer sports programming and Olympic podium results in an accountability framework that provides a demonstrable return on investment for Canadian taxpayers.

Road to Excellence is a program that will give Canada's most talented athletes leading-edge support services, technology, equipment, science, and coaching in both daily and competitive environments to do this country proud and continue to inspire Canadians to achieve excellence, pride, and health in sport.

I'd also like the members of this committee to consider the fact that every Canadian on an Olympic podium means more community enrolment in sport. Let me give you an example. When the Canadian women's hockey team won gold in Salt Lake City in 2002, community enrolment in girls' hockey increased by 12% the following year. Kyle Shufelt's gold medal in Athens in 2004 inspired explosive growth in men's gymnastics throughout Canada.

Our athletes want to achieve podium results, and I want to see more young people committed to sport across this country. I want those who have the talent and the dreams I had to get the support they need and deserve to climb the podium for their country after years of hard work and sacrifice.

Increased community involvement in sport is consistent with the government's agenda of promoting sport through the sport tax credit and ParticipACTION. It is consistent with recent recommendations of the health committee, the Public Health Agency, and Health Canada to remedy the obesity crisis Canada is facing. In fact, last year the health committee presented a report to Parliament and stated that one study estimated that "obesity in the overall population currently costs Canada about \$1.6 billion annually in direct health care costs." If Road to Excellence can cut \$1 in health care costs per Canadian because communities become more active, it will have generated a positive return on investment.

You have each received a copy of the Canadian Olympic Committee's brief, along with a copy of the Road to Excellence program. The program details a path for Canada's athletes to finish in the top 12 nations at the Summer Olympic Games in 2012 in London, and in the top five at the 2012 Paralympic Games. We will do that by making smart investments with measurable returns in research and training.

We know that the Road to Excellence program works because it's built on a proven template of the Own the Podium 2010 program, an equivalent program for winter sport. We all saw the results from that investment when our winter athletes finished third in the medal

count in Torino, Italy, last year, which was Canada's best performance ever. The Own the Podium 2010 program will lead us to finish first in Canada's home games in Vancouver 2010.

The investment in the Road to Excellence program will put more Canadian athletes on the podium. It will give Canadians something to be proud of and will inspire more Canadian communities to get active. I think you will find that this is a sound investment, and I urge you to recommend in your report ongoing funding of \$30 million per year for the Road to Excellence program.

Merci.

● (1055)

The Chair: Thank you very much for your presentation.

We'll now move on to Hoffmann-La Roche Limited, Mr. Jim Hall, vice-president of sales and marketing.

The floor is yours.

[Translation]

Mr. Jim Hall (Vice-President, Sales and Marketing, Hoffman-La Roche Ltd.): Good morning, ladies and gentlemen. Thank you for giving us the opportunity to participate in the 2007 pre-budget consultations.

[English]

International health experts, including the World Health Organization, have warned that an influenza pandemic is inevitable; it's just a matter of time. The WHO is currently at phase three of six of their pandemic alert status. A movement to phase four would mean that avian flu influenza has gained the ability to spread efficiently between humans.

SARS taught us that we are vulnerable to the health, social, and economic consequences of a public health emergency. From a financial perspective, SARS cost the Toronto economy close to \$2 billion, and according to the Toronto Dominion Bank it cost the national economy an additional \$1.5 billion to \$2 billion.

While harmful, the cost of SARS pales in comparison to the projected impact of an influenza pandemic. The Canadian Manufacturers & Exporters have predicted that Canada's economy could suffer by as much as \$60 billion in lost productivity and medical expenses. Earlier this week the World Bank told the international conference on avian flu that the global economic impact could be up to \$2 trillion. This economic downturn could result in a serious erosion of federal tax revenues. However, unlike SARS, the world has been made aware of the possibility of the next influenza pandemic. This provides government and the private sector the time to adequately prepare for this community-based illness.

Canada should be commended for its early action. It has been a recognized leader in pandemic preparedness around the world. However, according to published government figures, our national antiviral stockpile remains at 17%—sixth place among G7 countries—with no antiviral medicines allocated to prevent the spread of infection before treatment is required.

All other G7 governments clearly understand the value of preventative measures and have planned accordingly. France presently has the highest stockpile, with enough antivirals to cover over 50% of its population. Most recently, the United Kingdom announced its intention to double its antiviral stockpile to 50% of its population. Those countries' stockpiles allow for a strategy that incorporates both prevention and treatment. A prevention strategy is in line with and can help Canada achieve its pandemic planning objectives to minimize serious illness, death, and social disruptions.

Given the potential impact of a pandemic on the economy and our society overall, Hoffmann-La Roche recommends the committee adopt three key recommendations in its report.

First, the Government of Canada should expand its pandemic plan beyond treatment to include the preventative use of antiviral medications, or prophylactic use, especially during this initial six-month period when effective vaccines will not be available. Governments must be prepared to prevent the spread of infection before treatment is required, to mitigate health impacts and reduce worker absenteeism.

As an example, a recent public opinion survey of Canadian health care workers learned that more than 40% would not report to work if a pandemic hit. Health care workers claim that if proper preventative measures were in place by their employer, up to 90% would in fact report to work. The take-away message is that proper preparation and preventative strategies need to be in place to ensure essential workers are able to remain on the job in the event of a pandemic.

Second, the Government of Canada should be clear about its role with the private sector during a pandemic. At present, the government's Canadian pandemic influenza plan for the health sector does not provide clear direction to the private sector of their pandemic preparedness responsibilities. We are hearing from the private sector that this absence of clear direction has created a climate of confusion amongst businesses as to their responsibilities in the event of an avian flu outbreak.

The pandemic could significantly affect human resources and the ability of many businesses to maintain normal business operations. The Public Health Agency of Canada has estimated that during a

pandemic, up to 35% of the population will become sick enough to miss work, and up to half of those people will require additional medical care. Providing clear direction to the private sector is needed for businesses to prepare effectively and maintain business continuity during an outbreak, thereby minimizing the impact of a pandemic on the overall economy.

Finally, the Government of Canada should assist small and medium-sized enterprises in their pandemic planning. SMEs play an integral role in our economy. Collectively they are the largest private sector employer, yet they do not have the financial resources or the skills and knowledge to effectively prepare for an pandemic on their own. This is why the government should introduce a targeted tax credit for the SME sector. This credit could be used for developing an organizational pandemic plan; acquiring a stockpile of antiviral medicines; and purchasing basic medical supplies, such as masks, gowns, and gloves.

Thank you very much for your attention to this recommendation. I will be happy to answer your questions during the question period.

• (1100)

The Chair: Thank you very much for your presentation.

We'll now move to Lorraine Hébert from Mouvement pour les arts et les lettres. The floor is yours.

[Translation]

Ms. Lorraine Hébert (Executive Director, Regroupement québécois de la danse, Mouvement pour les arts et les lettres): Thank you very much, Mr. Chairman, for inviting us.

My name is Lorraine Hébert and I represent the Regroupement québécois de la danse. This morning, I am speaking on behalf of the Mouvement pour les arts et les lettres, which represents eight national and thirteen regional organizations, and this includes over 15,000 artists and workers in the cultural sector of Quebec.

In the fall of 2006, we asked for exactly the same thing we are asking for this year. Indeed, we asked specifically that the annual budget of the Canada Council for the Arts be increased to \$300 million. To which you might say that last year, that is, in July 2007, Minister Bev Oda announced \$30 million in ongoing funding for fiscal 2008-2009. We therefore felt that last year, our message was heard.

The reason we are before you again today is to ask you to continue to make the Department of Finance and the Department of Canadian Heritage aware that artists need public funding to respect and support standards of excellence, to consolidate existing organizations, and to help develop new artists in every field of endeavour. Today, the arts sector is being squeezed, and young artists cannot break through, and don't have the means to do so.

We are dealing with a problem of generational inequity, and with the fact that funding is not spread fairly throughout Canada. We are facing a very tough challenge from our international competitors, despite the fact that we have extraordinary artists everywhere in Canada.

We have an institution, the Canada Council for the Arts, which was created over 50 years ago and which, year after year, funds Canadian artists in a transparent manner. Since 2006, the Council estimates that with a budget of less than some \$300 million, it will not be able to meet the demand, which has been growing since 1998. The Council will not be able to help our large institutions consolidate, and it will not be able to help young artists break through in every area of artistic endeavour in Canada.

I will end my presentation here. Thank you.

• (1105)

[English]

The Chair: We want to thank you very much.

We have now Nathalie Rech. I will ask you to introduce your organization. The floor is yours for five minutes.

[Translation]

Ms. Nathalie Rech (Coordinator, Réseau SOLIDARITÉ Itinérance du Québec): Good morning. My name is Nathalie Rech and I am the Coordinator for Réseau SOLIDARITÉ Itinérance du Québec. This is the third time we have appeared before the Standing Committee on Finance. I would therefore like to thank the members of Parliament and the staff of the Standing Committee on Finance for having given us an opportunity to speak to you about homelessness.

The Réseau SOLIDARITÉ Itinérance du Québec represents 200 organizations in Quebec. These organizations work on a daily basis with people who are homeless and people who are at risk of becoming homeless in a dozen regions in Quebec. Our mandate is highly political, whether that be at the federal or provincial level. I would like to point out that our role is truly that of an advocate for the homeless and we carry out that role by drawing on expertise that exists in all the regions.

I wanted to begin my remarks by reading you a few lines, in English. This is an extract from the preliminary recommendations made by the United Nations Special Rapporteur for Housing, who came to Canada on an observation mission less than two months ago:

[English]

Everywhere that I visited in Canada, I met people who are homeless and living in adequate and insecure housing conditions. On this mission I heard of hundreds of people who have died, as a direct result of Canada's nation-wide housing crisis. In its most recent periodic review of Canada's compliance with the International Covenant on Economic, Social and Cultural Rights, the United Nations used

strong language to label housing and homelessness and inadequate housing as a "national emergency". Everything that I witnessed on this mission confirms the deep and devastating impact of this national crisis on the lives of women, youth, children and men. Canada has ratified numerous international human rights instruments that not only recognize the right to housing, but also create an obligation on the Government to take steps for the progressive realization of these human rights with the maximum of its available resources.

[Translation]

I think that gives a good picture of the situation. Our work is being done at a time when there is an enormous budget surplus. We are talking about a \$13.8 billion surplus for this fiscal year and a cumulative \$100,000 billion for the past ten years.

We have three recommendations. The first is that the federal government extend investments in the fight against homelessness. There is currently a program called the Homelessness Partnership Initiative which ends in March 2009. An extension of the federal government's investments means a commitment of at least five years by the federal government.

The second recommendation is that the government establish a national housing program. Canada has no longer been investing in new social housing units for more than 13 years. We feel that it is absolutely necessary to be ahead of the homelessness issue. This implies not simply working with people who live on the streets but also building housing for low income individuals. If we increase the social housing stock we will prevent many people from ending up on the streets of Canada and freezing to death.

The third recommendation is that the government undertake extensive review of the tax system so that all sectors of the population are treated fairly. The current tax system puts the poorest Canadians at a disadvantage.

I would like to go back to be the federal homelessness program.

How much time do I have left?

• (1110)

[English]

The Chair: You have one minute left.

[Translation]

Ms. Nathalie Rech: The federal program that was established in 1999 was recently replaced by a new program. In fact, the Standing Committee on Finance recommended last year that federal investment in this program be extended. There is therefore a new program and, as I stated earlier, this program will end in March 2009.

We feel that it is inconsistent to profess to want to achieve long term results by helping people get off the streets and at the same time to provide funding on a yearly basis only. These are people who are experiencing very difficult circumstances and an enormous lack of structure. They sometimes need to be followed for several years. In Quebec alone those needs represent \$50 million a year.

I will conclude by saying that we are advocating that global policies on homelessness be adopted. The focus should not only be on people on the streets, but also on prevention, for example, housing, which we feel falls under federal jurisdiction. Poverty and the taxation system are also issues. The federal transfers to the provinces are insufficient and the provinces tell us constantly that they do not have the means to increase the income of those living in poverty. Therefore something must be done in that area.

[English]

The Chair: Thank you very much.

We have the Tax Executives Institute, Munir Suleman.

The floor is yours for five minutes.

Mr. Munir Suleman (Vice-President, Canadian Affairs, Tax Executives Institute, Inc.): Thank you, Mr. Chairman.

Good morning to all. My name is Munir Suleman. I am the senior vice-president, Scotiabank, but I'm here today on behalf of Tax Executives Institute in my capacity as TEI's vice-president for Canadian affairs.

TEI is the pre-eminent association of business tax professionals. We have 7,000 members who work for 3,200 of the largest companies in Canada, the United States, Europe, and Asia. Our Canadian members contend daily with the provisions of the Income and Excise Tax Act, and with chapters in Montreal, Toronto, Calgary, and Vancouver, make up approximately 10% of TEI's membership. Although my comments today reflect the views of the institute as a whole, those views are guided by TEI's Canadian members and other members whose firms have significant operations in the U.S. and in Canada.

TEI has several recommendations for the committee's consideration for tax policy and administrative changes that will foster economic growth and job creation.

The budget package introduced November 21 built upon the trend of incrementally reducing the corporate income tax rate and eliminating burdensome tax rates such as the federal capital tax and corporate surtax. TEI agrees with Minister Flaherty's corporate tax reduction proposal to strengthen the Canadian economy and promote job creation. We urge the government to stay the course or even accelerate proposed corporate income tax reductions. By 2012 Canada's corporate income tax rate will be the lowest among major industrialized nations. The standing committee should ensure that other countries do not leapfrog the Canadian timetable.

The federal government has undertaken initiatives to encourage provinces to promote Canada's competitiveness and improve the administrative efficiency of the provincial tax systems. We commend the federal government for doing so. We also commend the recent agreement whereby Ontario will conform its corporate income tax base to the federal base, eliminate its capital tax, and the federal government will administer Ontario's corporate income tax system. To maintain the momentum of provincial changes, we urge the standing committee to consider providing additional incentives to the provinces in order to eliminate or accelerate the elimination of capital taxes.

TEI is also supporting harmonization of provincial-federal sales tax systems. Substituting a value-added tax system for the current provincial retail tax systems would eliminate the cascading effect of retail sales taxes on most business inputs and promote a neutral and competitive business environment. In order to be fully effective, harmonization of the federal and provincial sales tax systems would require that financial services and services provided for financial services be treated as zero-rated supplies by the provinces, just as they are treated under the Quebec sales tax regime. To achieve harmonization, TEI would be pleased to consult further with the committee, the Department of Finance, and the provincial governments about crafting a workable system.

Bill C-28, the Budget and Economic Statement Implementation Act, will eliminate withholding tax on all outbound interest payments on arm's-length debt, effective January 1, 2008. In addition, a recently announced protocol to the Canada-U.S. Income Tax Treaty will reduce withholding tax on non-arm's-length interest payments to nil over the next three years. Again, TEI applauds the measures undertaken by the government. Elimination of withholding taxes on interest paid on arm's-length and non-arm's-length debt will ensure that Canadian businesses have access to global capital debt markets at the lowest possible cost. We recommend, however, that the goal be to eliminate all withholding taxes, especially on the payment of dividends to related group companies.

Since 2003, the United States has negotiated a nil withholding tax rate for dividends to group companies with a number of other countries. TEI believes steps should be taken to accord Canadian residents benefits similar to those enjoyed by residents of other U.S. treaty partners, so they can effectively compete for increased capital investments, exports, and jobs.

In line with the government's intention of having the lowest effective tax rate among the G7 group, we urge the committee to recommend to the Department of Finance to consider negotiating the elimination of withholding taxes on dividends to related group companies equal to a most beneficial rate negotiated with other major trading partners.

Bill C-28 incorporates draft provisions to restrict interest deductibility on certain outbound investments for periods after 2011. The bill will make significant revisions to foreign affiliate regimes and functional currency rules. TEI commends the government for acknowledging the excessive breadth of the March 2007 proposal curbing the deductibility of interest for investment in foreign affiliates. Regrettably, Bill C-28 resurrects many features of the March proposal and afforded taxpayers and their advisers very little time to comment on the draft legislation. The significance of these provisions to Canadian business and their far-reaching effects warrant more than the circumscribed three-week consultation period. As important, the current rules governing treatment of interest expense and earnings of foreign affiliates have been the cornerstone of the Canadian system for many years and have been crucial in promoting the global expansion and competitiveness of Canadian companies.

• (1115)

Any proposal to restrict the deduction of interest must be narrowly crafted to target the perceived abuse or unfairness. We urge the committee to recommend that interest deductibility proposals be removed and considered separately, to give taxpayers more time to study its effects and to give the government an opportunity to weigh taxpayer concerns about the proposed rules.

In conclusion, TEI commends the committee for holding pre-budget consultations again this year. On behalf of TEI, we thank you for the opportunity to participate.

I would be pleased to respond to any questions you may have during question period.

Thank you.

The Chair: Thank you very much to the presenters.

We now move to the question and answer portion of our meeting.

Mr. Pacetti, would you start, please.

If we make this a seven-minute round, I think we'll get everybody in. I may even get in there.

Go ahead, please.

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

Again, thank you to all of the witnesses. It's important for you to appear. When panels are diverse like this, it helps us to understand things a little bit better and it helps you understand our challenges.

Seven minutes is not enough time to ask questions, but I'm going to try to hit as many of you as I can. I'll try to go in order.

To Mr. Culbert, just quickly, why wouldn't the existing moneys that you need for the vaccination not be available through the advancing agriculture and agri-food program?

Mr. Rick Culbert: It's possible that they may be; however, the biggest issue is that the vaccine does not benefit the cattlemen, the segment it's going to.

So I'm not sure that it fits totally within their—

Mr. Massimo Pacetti: But you're asking us to fund it through there. If it was such a high priority, you would think that the moneys would be of priority for the program.

Mr. Rick Culbert: Since our initial request, we've had some feedback that it may not be appropriately funded through there.

Mr. Massimo Pacetti: Okay, great.

Mr. Barone, I think we could probably spend all day debating this, but when I take a plane from, say, Montreal to Toronto, or from Montreal to Vancouver, I'm not going to go through Chicago. I'm not going to go through any of your competition. So tell me why, in 30 seconds or less, you are actually competing against other airports.

Mr. Sam Barone: Thank you, Mr. Chairman—

Mr. Massimo Pacetti: No, I used to be the chairman....

Oh, you mean *through* the chairman. Sorry; reflex.

Mr. Sam Barone: Can you deduct that from my time allocation, please?

Voices: Oh, oh!

Mr. Sam Barone: Thanks for the question.

With regard to your question, that when you're flying from Montreal to Vancouver you're going through Chicago, that's not a plausible scenario. That would be cabotage over a U.S. gateway, and that is not the market we're looking at.

We're competing globally with the passenger that goes from Rio de Janeiro to Tokyo, or from Los Angeles to Frankfurt, over Montreal. When a foreigner uses our gateways, they become more competitive as opposed to becoming more cost-effective and more cost-competitive—

• (1120)

Mr. Massimo Pacetti: Sorry, I don't mean to interrupt you, but I got the answer.

Perhaps the solution, then, should be for international travel, maybe not domestic.

Mr. Sam Barone: Well, it is a global context, that's correct. However—

Mr. Massimo Pacetti: Okay, that's fine. That's good.

I want to ask a quick question also of Hoffmann.

When I envision stockpiling, I envision a warehouse full of drugs that all a sudden have expiry dates. Is that what you mean by stockpiling? Why is it important for Canada to have a warehouse full of antiviral drugs?

Mr. Jim Hall: That's a great question.

As I mentioned before, the advantage we have in Canada with the influenza pandemic is that we have plenty of time to prepare and plan. The position we're taking with governments is that with that time, an antiviral stockpile is a wise course to take.

Mr. Massimo Pacetti: Will it have an expiry date, though?

Mr. Jim Hall: The expiry date is five years, which is the longest expiry date of any product on the market.

Mr. Massimo Pacetti: Thank you.

Mr. Baumann, again, there are a lot of subjects here. I've already asked the committees that presented in Halifax and in Calgary what I'm going to get for \$30 million. I think they answered that question. And I see Mr. Pound in the room.

So the government's going to give you \$30 million, but if Canadian athletes are going to be clean compared with some of the other athletes around the world, is the \$30 million going to make a difference? Yesterday's athletes and today's athletes are not the same. The challenges are not the same.

Are they going to have a leg up? Is it going to help?

Mr. Alex Baumann: I think \$30 million certainly is going to help. Is it enough? Probably not. But we have to start somewhere.

I do believe we have some challenges in terms of providing coaching and technical support—we're losing our best coaches—and providing quality services as well.

We've seen with Own the Podium, the 2010 program, that with a limited amount of resources, \$22 million—\$110 million over five years—you can make great strides if those resources are targeted and prioritized effectively. I think that's key.

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

[Translation]

Ms. Hébert, you said in your opening remarks that funding could be useful for competition because even in the arts, there is international competition.

Ms. Lorraine Hébert: Absolutely.

Mr. Massimo Pacetti: If we were to increase the amount of funding for the arts, how would that help you?

Ms. Lorraine Hébert: Our artists are competing with world acclaimed artists.

Mr. Massimo Pacetti: Francophone, anglophone or both?

Ms. Lorraine Hébert: Both.

I will refer to my sector because that is the one I know best but there are also great artists in Toronto, Quebec and Vancouver. Those are three sources of dance exports in Canada. Without the resources, competition based on excellence and high standards of quality becomes more and more difficult to sustain.

Second, there is a foreign market for large dance groups. If the best of our companies only have enough resources for three or five artists performing at a time, then there are very few important international opportunities available. So competitiveness is also important in that area.

Mr. Massimo Pacetti: Thank you.

Ms. Rech, I believe we met in Sherbrooke. We are aware of the issues you are dealing with. We are working on a strong proposal to reduce homelessness and poverty. We recently became aware of a proposal from the Chamber of Commerce in Victoria, where the number of affordable housing units is the lowest in Canada. In fact, they work with organizations like yours.

Would it be possible to work with organizations such as the chambers of commerce?

Ms. Nathalie Rech: We are open to all kinds of partnerships. However, the business sector is not always particularly interested in homelessness and housing.

Mr. Massimo Pacetti: But those issues cost money for business people. It is in their interest for there to be less homelessness and more affordable housing.

• (1125)

Ms. Nathalie Rech: I think that it is in everyone's interest for there to be more affordable housing and less homelessness.

We feel that this is a societal plague. I work in the area of advocacy for rights. However, it is true that many business people are involved with organizations that work directly with the homeless. Therefore, in many regions there are in fact several partnerships between organizations directly providing services and private funders.

[English]

The Chair: Thank you.

Monsieur St-Cyr, the floor is yours for seven minutes.

[Translation]

Mr. Thierry St-Cyr: Thank you all for coming.

My first question will be for Mr. Baumann from the Canadian Olympic Committee, on how to assist our athletes. I think that most people would agree in saying that they need a little help.

I would like to ask you about something that is not in your brief but that I am concerned about, and that is bilingualism amongst Canadian athletes. We all know that some concerns exist regarding this issue. Several Quebec athletes, and even francophones outside Quebec, have experienced problems, and have stated that they were or felt they were at times victims of discrimination.

What measures are you taking to ensure that francophone athletes feel comfortable developing their careers in Canada?

[English]

Mr. Alex Baumann: Thanks very much for your question. Certainly it is an issue.

You've probably seen that I—having been in Australia—am not conversant in French, but I am trying to learn fairly quickly.

I do believe we're making great strides. I think one example is having Sylvie Bernier as the chef de mission for the 2008 games. I think it's an issue we are trying to address to ensure that the Canadian Olympic Committee has staff who are fully bilingual and that the capacity exists for coaches and administrators to deal with both languages effectively.

[Translation]

Mr. Thierry St-Cyr: Allow me to come back to the issue of assistance for amateur sports and people involved in high performance sports. You mentioned the impact on the health of the population in general. Could you expand on that connection? It is not a very obvious one.

I might enjoy watching sports on TV, and watching our athletes run. I followed the last Olympics to an extent, and my main exercise consisted in going back and forth between the sofa and the fridge. Therefore, I wasn't necessarily keeping myself fit.

How can we ensure that high performance sports and their funding will result in more real physical activity, especially amongst our young people?

[English]

Mr. Alex Baumann: Yes, it's a very good question.

I guess from my experiences in Australia, where they see funding in high performance as an investment rather than an expense and where there are aspirations that are created and role models created, I do believe those role models help create aspirations for young people to get involved in physical activity. I mention in the paper a number of examples where kids do get involved in participating in physical activity, in clubs, etc. When I was CEO of Queensland Swimming, post the 2000 Olympics in Sydney, the registrations for swimming bumped up 15% because of the success of that team.

There need to be programs, no doubt, to link grassroots participation and high performance to try to get kids more active. Key role models and athletes can sell them the message of the benefits of physical activity, not necessarily reaching to the highest level.

[Translation]

Mr. Thierry St-Cyr: I think it will be interesting then for you to bring us some concrete examples of what we could develop as a policy when you come back before this committee, so that we can understand how to develop a vertical sport strategy, one that connects the very highest level to the ground level.

I'll now address my comments to Ms. Rech on homelessness and social housing.

The Bloc québécois tabled a bill on the use of the surplus of the Canada Mortgage and Housing Corporation, the CMHC, a housing organization. Under the bill, the CMHC would have kept \$1 billion of its surplus as a reserve because it has a mortgage insurance role to play, and it would transfer the rest of its surplus to the provinces to be allocated to social housing. Unfortunately the House of Commons voted against this initiative; the Liberals and the Conservatives voted against the bill.

If a similar bill were to be tabled by any party during the next session, would you feel that parliamentarians should vote for or against that bill?

• (1130)

Ms. Nathalie Rech: Thank you very much for the question.

It is an interesting idea. The CMHC surplus is added to the current budget surplus, and a considerable amount of money is stored that way. The CMHC's mission should be to provide housing to all Canadian men and women. We felt this was a very interesting proposition and we were very disappointed that the House of Commons rejected it.

Mr. Thierry St-Cyr: In terms of programs dealing with homelessness, there was the Supporting Communities Partnership Initiative, the SCPI, and now there is a new program entitled the Homelessness Partnership Initiative, the HPI. There are different criteria under the new HPI program. The focus is on infrastructure, concrete, things that are permanent, rather than on human resources, assistance programs and so on.

Are you confronted with those types of problems? Is assistance for homelessness nothing but concrete? You also require human resources and assistance programs?

Ms. Nathalie Rech: The criteria and orientations of the new program are different to a certain extent. Practically speaking, in

several areas there will be mainly human resources and no investment in concrete. That's the first part to my answer.

I think that the new government program is more focused on long term results. That is why there is a focus on housing and long term solutions, which is not incidental, in fact, because if we want to get people out of emergency situations, we need to get them off the street and find long-term solutions for them.

On the other hand, this has to be done within a maximum of 15 months because the new projects will be starting at the earliest on January 1, 2008.

It is impossible for us to achieve long-term results with short-term funding.

[English]

The Chair: Thank you very much. I appreciate that.

We'll now move on to Mr. Dykstra. You have seven minutes, please.

Mr. Rick Dykstra: Thank you, Chair.

We have about seven minutes, so I'm going to try to speak to three of the groups I have questions for.

Mr. Hall, you took an interesting approach. One of the things we have continually heard over the last number of years is that the federal government needs to come up with a strategy that will deal with a pandemic. You hear a lot of stories and questions and comments—the federal government needs to have this stockpile of medicine—and quite frankly, it's interesting that you've come back with a moderate proposal that actually speaks to small and medium-sized businesses assisting in the process and doing so through a tax credit model.

One of the questions I have is, as a corporation, how have you actually prepared for your employees in case we do end up with a pandemic?

Mr. Jim Hall: Thank you. That's a great question.

We have a very robust pandemic plan at Hoffmann-La Roche. The objectives really are to protect the health and safety of our workers, to ensure business continuity, and then to ensure a recovery of business. The plan does include both treatment and preventative strategies. Our feeling is that treatment is important, but prevention is key to ensuring that there's no absenteeism or that it minimizes absenteeism and we can continue to operate.

Obviously, when we talk to other corporations, they're very interested in what our plan is, and we share that with them. As I said in my brief, one of their biggest challenges is understanding what kind of support they are going to receive from government; will they have access to the current stockpile of antivirals that exist or not? At this point in time, we're not able to really respond to that, and that's really the nature of our second recommendation.

Mr. Rick Dykstra: In the federal government's 2006 budget, we set aside over \$1 billion over five years to deal with this. That is, I guess, the broader federal perspective on it. Do you have in mind an amount that you think the tax credit should be worth or how it should be...?

Maybe I'll just leave it at that, how much you think it should be.

Mr. Jim Hall: I can actually go a little bit beyond that, if that's okay.

• (1135)

Mr. Rick Dykstra: As long as you keep it tight. I have a couple more questions.

Mr. Jim Hall: Really quickly.

We commissioned a study to look at what a tax credit would be for antivirals, gowns, masks, gloves, and depending on the level of the tax credit, it would be anywhere between \$17 million and \$70 million. We'd be happy to table that report to the committee, if you'd like.

Mr. Rick Dykstra: Yes, I would appreciate it. I think all members of the committee would appreciate getting that.

Mr. Baumann, I have a couple of questions for you as well, and first, a comment that it's great that you've come back and accepted this position, obviously, to help out the Canadian Olympic team. I'm sure you knew when you accepted it that the first thing you were going to have to do was come to the federal government and ask for money. So my congratulations. Maybe it is part of being truly Canadian, I'm not sure.

One of the things that came to mind that I wanted to ask you is about your experience—you touched on it a little bit—in Australia. Could you comment on whether the program that you've brought forward today is modelled under that system? You spoke a little bit about the successes, but your experience there obviously gives us a bit of an advantage in that regard.

Secondly, you talked about the private sector aspect and component, and we've seen the companies and corporations across this country stand up for our athletes—no question. One of the things we've tried to do at the federal and provincial levels is certainly to try to build teams together, whether it be with government or whether it be with the private sector, specifically in infrastructure, and we talk about including municipalities—and I don't know whether you're at this point yet, but an understanding of the commitment that the private sector is prepared to make, whether it's dollar for dollar or whatever it might be, to the commitment that our federal government would make of \$150 million over the five years.

Mr. Alex Baumann: About the first question, in relation to the attributes of the Australian system, I don't think you can replicate systems; you can take particular aspects of systems. And what I take from Australia certainly is that there is a need to prioritize and target effectively. Post-1988, there was a concentration in Australia on a number of sports, eight sports initially, and targeting those sports that had the highest success at the Olympic Games and at the international level.

In the end, I don't believe we can be everything to everyone. So we do have to target and prioritize.

I think the other aspect is the whole issue of Canadian sport centres and moving to an institute-type model, where you're creating a high-performance centre or high-performance precincts where you have coaches, support service providers, and running programs. I think that will raise the bar as well.

So there are certain things that you need to take in order to have a leading-edge system, but I wouldn't replicate the Australian system. We need to have a Canadian model, and that's what we're trying to do now.

In relation to the second aspect, yes, it's true, if you take a look at the 2010 OTP program, where there's \$11 million committed by the federal government and \$11 million committed by the private sector, we are certainly looking at that. The Canadian Olympic Committee has set up a foundation to fundraise. So it is a partnership; we're not asking the federal government alone.

In the end, we need to have the resources if we want to be successful in the future. Right now, there exists an inequity between summer and winter sport, and we're trying to address that.

Mr. Rick Dykstra: That's an interesting point, because the Own the Podium program, from a Winter Olympic perspective, certainly out-measured our totals, at least from a medal perspective. The commitment is there. It happened in Calgary as well.

I appreciate the presentation today and your being here.

Mr. Suleman, I did have a question for you as well.

One of the recommendations this committee made last year was the movement, at least, for discussions with the provincial and territorial governments towards a common securities regulator. I know you didn't necessarily include that in your presentation here, but you do have the words "tax executives" in your title. I wonder if you could comment very briefly—I know I don't have a whole lot of time left—on your and your organization's view as to whether you support both the committee's recommendation and the government's recommendation that we move towards one common securities regulator across the country.

Mr. Munir Suleman: The short answer is yes, we would support it.

Mr. Rick Dykstra: You would, you do, okay.

Thank you.

The Chair: Thank you very much. That does exhaust the time.

We now will move on to Ms. Thaï Thi Lac.

The floors is yours.

[Translation]

Mrs. Ève-Mary Thaï Thi Lac: I will be sharing my time with Mr. St-Cyr.

I have one question only for Mr. Culbert. I would like you to tell me about the negative impact that a lack of funding would have on the marketing of your product.

• (1140)

[English]

Mr. Rick Culbert: The negative impact would be that this adoption would be very limited and hence the investment that's been made in this innovation would really be unrealized. There is a small segment of the industry that will adopt its use, but it is a fraction of the industry. Unfortunately when it comes to environmental contamination particularly, that is still going to naturally occur unless we can get widespread adoption.

[Translation]

Mr. Thierry St-Cyr: I will continue along the same lines. I want to make sure that I fully understand your brief and your presentation.

Ultimately what you are saying is that producers do not want to pay for the administration of this vaccine because it is of no use to them. From what I understand, the animals are not getting sick from E. coli. It simply exists in their intestinal tract and it can eventually contaminate other areas, and it is human beings who get sick from it.

Have I understood that correctly?

[English]

Mr. Rick Culbert: That's absolutely correct. The farming community, they're great people. In many ways they're the backbone of our industry. They are ready to administer it.

[Translation]

Mr. Thierry St-Cyr: I understood. I will use the rest of my time for Ms. Rech.

I would like to talk about a more general problem. I have often noticed, especially regarding the community groups in my riding, that programs are funded for a very short time. Funding can even last for only a few years. Groups apply to a program and they may be able to use it for one or two years. I have even seen people obtain grants for six-month programs. That is very inefficient. One often hears about government's efficiency, but I have seen community groups where one of the staff of four works full-time on funding applications.

Do you think this is a widespread problem? Do you not think a greater effort should be made to create programs with longer-term funding so that groups can devote themselves to their primary mission rather than to fundraising?

Ms. Nathalie Rech: This is in fact a significant problem and it doesn't only exist at the federal level. We are currently experiencing problems with the HPI because we have a very short time period to act. As I told you earlier, we have a 15-month maximum period. That is not enough time to bring about any real change and any long-term results.

Furthermore, there is extensive uncertainty with respect to funding for these organizations because these programs are hardly ever renewed, and this creates significant instability in terms of human resources. We put considerable focus on the connection between staff and homeless people. It is often the quality of that connection that determines whether an individual will get off the street or not. These relationships of trust, that already take an extremely long time to develop, are seriously compromised if there is a lot of staff

turnover and this in turn compromises the effectiveness of our involvement.

Mr. Thierry St-Cyr: Ms. Hébert, let's talk about the arts and culture in general. We often take an economic perspective because the cultural sector is an important sector of our economy. However, culture is more than economics, especially when you're talking about a nation, and Quebecers are very sensitive to these issues. There is a broad consensus in Quebec that the Canada Arts Council's budget should be increased to \$300 million.

Can you tell us how culture has been acknowledged for contributing to a nation, whether that be the Canadian nation or the Quebec nation? What does culture represent for a nation?

Ms. Lorraine Hébert: I like your question very much because...

Mr. Thierry St-Cyr: I only ask simple questions.

Ms. Lorraine Hébert: Your question is both simple and not simple. Recent statistics show that 90% of Canadians think that an essential part of our national identity is the arts and their presence in our communities. As a Quebecer, when I read that, I thought that we had the same feelings about this. That is to say that contact with the arts, with expression, music, painting, cinema and performing artists in any one community, creates a feeling of belonging to that community and a feeling of pride, because the artists involved are a part of that community.

I should also point out that the success of our artists abroad has an enormous impact on a community's pride. Just as Mr. Baumann was asked to comment on the connection between support for athletes and Canadian identity, pride, and community cohesion, I would say that it is very important for the identity of a community to be able to identify with artists, athletes, stars, and strengths.

• (1145)

Mr. Thierry St-Cyr: Thank you.

Mr. Barone, you referred to the cost that you incur in airports and elsewhere. In fact, I have always thought it was a bit strange that the total cost of air transport security is shouldered by the users, whereas it is not the case, for example, on roads. We don't pay for the police services on our roads; those costs are shared.

I see you are taking notes but that was just the preamble. I would like to talk about something else, as I did with Mr. Baumann, and that is bilingualism in our airports. The committee has just spent a week in Canadian airports. I assure you that it is not easy to obtain services in French, even in Ottawa, whether that be from federal government staff or transport company staff.

[English]

Mr. Sam Barone: Thank you for the question.

One of the things that are very important for us as national and international carriers is the ability to have multilingual staff. The market does dictate that, especially when we do have carriers based in Quebec, such as Air Transat and Air Canada, who have an interest in serving the market in the official languages.

We are making continuing efforts. This is a very serious issue for us in terms of serving the Canadian public, first and foremost, safely and securely—which goes to your point—but also in the language of their choice. We try to do that across the country, especially where there is a large presence of francophone passengers, especially in western Canada, for example, as well as in Ontario, of course, and the rest of the country. It is something we do in serving all our customer segments.

The Chair: Thank you very much.

Now we'll move to Monsieur Harvey.

[Translation]

Mr. Luc Harvey: Thank you.

There are seven of you and I only have a few minutes to put my questions. I would have liked to have an hour and a half to myself in order to ask you questions. I will therefore ask you to make your answers brief.

Ms. Hébert, is the Canada Council for the Arts also responsible for film? Does its \$300 million budget include film?

Ms. Lorraine Hébert: There is a small part of it. There are media arts programs, for example, for author films and on using other platforms. You asked what is the difference between Telefilm Canada and the Canada Council for the Arts. Their programs are connected, however the individual grants for creation and research are allocated through the Canada Council. There are other groups, organizations, and media arts centres that are also supported by the Canada Council.

Mr. Luc Harvey: When Telefilm Canada says that Quebec film is fine and that it needs more money, do you agree?

Ms. Lorraine Hébert: Absolutely. All artists from all sectors need more money.

Mr. Luc Harvey: When things are going well, we should add money. When things aren't going well we should take it away?

Ms. Lorraine Hébert: On the contrary, you need to add more.

Mr. Luc Harvey: Fine.

Mr. Baumann, I must say that you are very modest. I had a conversation with you in French and you managed quite well. I would like you to tell us in French this time how the \$30 million would be allocated and invested?

• (1150)

Mr. Alex Baumann: Of course.

[English]

The \$30 million. As I mentioned a number of questions back, the focus needs to be on coaching and technical leadership. Approximately \$9 million of that \$30 million would be spent on ensuring that we get the best coaches in this country to provide not only the right daily training environment, but also the right competitive environment. We can't be shy in terms of trying to get the best people in the world, and that costs money.

The second aspect is ensuring that we provide quality support services, whether it's sports medicine, physiotherapy, strength and conditioning, or sports science, to be leading edge in the world. And those support services, particularly in the daily training environment,

ensure that our athletes are well taken care of, that when there are injuries we take care of those injuries. And there's approximately \$7 million allocated for that.

There are some additional funds for the national sporting organizations. I think it's about \$6 million for training competition, because a lot of things that are coming from the national sporting organizations are about the fact that they don't have enough competitions to actually attend, and that's critical, particularly in the lead-up to the Olympics. There's a component there for research, and there's also a component for team sports, because I don't think that at this point in time we have a team sport strategy. So there's approximately \$2 million for that. And I think that adds up close to the \$30 million.

[Translation]

Mr. Luc Harvey: I have four children. One of my two older daughters is preparing for national level soccer and the two others play at the provincial level. Parents have to shoulder, amongst other costs, the cost of hotels and transportation, and they have to devote their weekends to this. I thought that there was something available for those who might be making their way to the podium.

Mr. Hall, you talked about stocks. Were you referring to Tamiflu? I know that Roche is the producer of this product whose effectiveness, according to the information I've seen, is rather average. Are you talking about stocking up on Tamiflu pills in the case of a future virus pandemic? This would perhaps involve the H5N1 or something like that.

[English]

Mr. Jim Hall: Yes, Tamiflu is the medication that Hoffman-La Roche provides and it is the medication that we recommend for stockpiling.

Would you like me to address the efficacy question about Tamiflu?

[Translation]

Mr. Luc Harvey: Please. According to the information I have its effectiveness is not as significant as you appear to be saying it is.

As my friend Massimo said, you can understand the government's situation. It is receiving differing opinions. We have to see both side of the coin. Some individuals feel that we should lower taxes while others tell us not to do that, and to spend money. The idea is to make the best possible investments. Our role is to be proactive, to protect the public, but we must not be naive. That is why I am asking you whether or not Tamiflu, for which you are the patent holder, is truly effective.

[English]

Mr. Jim Hall: Yes. It's a great question, and obviously as a Canadian and a taxpayer, I would have the same concerns and questions.

Tamiflu is approved by Health Canada for the prevention and treatment of influenza. As a result, it has gone through the rigorous clinical trial program that all drugs that get approved in Canada, or for that matter across the world—United States, Europe—need to go through to prove their efficacy and safety. Through the clinical trial work, that has been done. The evidence is that Tamiflu reduces the signs and symptoms and outcomes of the influenza virus and also some of the complications that might occur from that, like bronchitis. So the data shows clearly that there is a net positive effect, and that's the reason the drug was approved by Health Canada.

As far as the H5N1 virus, which is the avian flu virus, is concerned, there are case studies across the world, where that virus has infected human beings, that indicate it is an effective medication to treat individuals who are infected with the avian flu or, for that matter and probably more importantly, to prevent them from getting it in the first place.

• (1155)

The Chair: Thank you very much.

With the committee's indulgence, I have a couple of final questions that I'd like to ask the presenters.

The first one is to Alex Baumann. You quoted from a report by the Standing Committee on Health. There are some people in this room who are quite passionate about that report and take a lot of pride in it. Those same people are actually even more passionate about some of the outcomes with regard to dealing with childhood obesity and the Olympics as a way of engaging Canadians to deal with this problem, and using the Olympics as an opportunity for that.

Your request was for \$30 million. How much money does the federal government give now to the Olympics?

Mr. Alex Baumann: To the Olympics specifically, or just enhanced excellence funding? About \$143 million actually goes into sport, but that's obviously not just excellence funding.

The Chair: On the excellence funding.

Mr. Alex Baumann: Excellence funding on the summer side is \$12 million from Sport Canada. On the winter side it's \$11 million.

The Chair: How do you leverage the money that is there to engage more Canadians and more of the private sector? I'm wondering if you've considered some tax benefit as a charitable donation that would be increased, perhaps, maybe even to political donation levels or something to that degree. I just wonder if you've thought about those things. As I look through your \$30 million, it's for specific things, but not for leveraging money.

Mr. Alex Baumann: Not for leveraging money? Yes, that's correct.

The Canadian Olympic Committee has ultimately been responsible for trying to raise funds, not only for the Olympic team but also for ensuring that we have a sustainable system in the future as well, hence the creation of the foundation philanthropy. I'm not sure how much investigation there has been in terms of tax deductibility, so that's probably something we need to investigate. I know it's been discussed, but perhaps there are some avenues to try to leverage that as well.

The Chair: That's fine. It's just that in your presentation it wasn't there. That wasn't part of it. I was just wondering if you thought—

Mr. Alex Baumann: It's very specific on the Road to Excellence program.

The Chair: Fair enough.

I have another question to Rick Culbert.

On the \$33 million dollars for the vaccine, this is a vaccine that is developed by Canadians, a Canadian firm, in Canada. We do some great research in this country. Where we really fail to capitalize is in the development of that and moving it into the marketplace. This is the first time I've seen this sort of a proposal where you're actually looking upstream far enough to vaccinate an animal for human health situations. It's intriguing me, but I'm wondering if there are other countries that are looking at this technology, because this is phenomenal technology that certainly could help.

Are you aggressively pursuing other markets with this right now?

Mr. Rick Culbert: Very much so. The U.S., of course, will be the next market. We've already started the regulatory process with them, and we've budgeted or planned forward to certainly go to Europe after that, and then following that, into some of the bigger cattle-producing nations such as those in South America.

The Chair: When you say you are looking at the other ones and you're planning, how far along is it? What's the timeline and what do you expect to see, or is it just in the initial stages?

Mr. Rick Culbert: It's in the initial stages right now. As long as we get momentum and we start to get some payback for the innovation we've already invested in, it's realistic to expect those other things to evolve over the next five to ten years.

The Chair: Okay. This is one case in which the obvious question is, if it's so good, why doesn't the agriculture community pick it up? Obviously this is something that has no necessarily direct advantage to agriculture, but does to human health.

Can you explain something? The E. coli bacteria is something that has evolved very aggressively just recently, has it not?

Mr. Rick Culbert: E. coli is a normal family of bacteria that lives in the intestines of all mammals. One strain is a mutation that first appeared about 20 years ago. Part of the mutation took place, I guess, when it found a natural host in ruminants, because they're not susceptible to the toxin it produces, so it can live in their bowel without any ill effects.

• (1200)

The Chair: I think it's important to get that on the record. I come from an agricultural background, and I understand fully what's going on. The damage or the problem I think Canadians need to understand is that this is a mutated E. coli that has been there only a short time but has caused massive problems on the environmental side, as well as just with the product itself. It's something that needs to be looked at in this situation.

I have no more time. I want to thank the witnesses for coming forward and for presenting.

With that, we'll call this meeting adjourned.

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