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Chair

Mr. James Rajotte

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• (1530)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call the 40th meeting of the Standing Committee on Finance to order. We're continuing our discussion on pre-budget consultations.

Colleagues, we have with us here today six organizations for an hour and a half, so it will be a short time period for a number of organizations and their ideas on the next budget.

We'll name the groups in the order in which they will present to the committee: first, the National Association of Friendship Centres; second, Bioniche Life Sciences Incorporated; third, the Canadian Federation of University Women; fourth, the International Association of Fire Fighters; next, the Canadian Association for Graduate Studies; and finally, the Canadian Trucking Alliance.

We would ask each of you to speak for a maximum of five minutes. I will indicate when you have about a minute left in your time. Then we will go to questions from members.

Mr. Dinsdale, we'll begin with your presentation, please.

Mr. Peter Dinsdale (Executive Director, National Association of Friendship Centres): Thank you very much, Chair.

I'd like to thank the committee for providing the National Association of Friendship Centres an opportunity to present our brief on the upcoming budget.

I'm pleased to be accompanied today by our policy director, Conrad Saulis, who will answer the tough questions when they come during the question time.

First off, I'd like to tell you this bit of context with respect to who we are. The National Association of Friendship Centres is the national representative of 120 local friendship centres across Canada who provide services to urban first nations, Métis, and Inuit peoples. Predominantly we provide services to people who are impoverished in our communities across Canada from coast to coast to coast and who come to community agencies like friendship centres for services and supports.

The big challenge being faced across the country with respect to urban aboriginal people is the fact that 54% of all aboriginal people in Canada live in urban areas. This is a reality that is not reflected in programs and services offered by the federal government. Often because of jurisdictional issues it's not picked up by provinces or territories either. So it's a tremendous pressure for front-line agencies such as ourselves to provide services.

As referenced in the committee's terms of reference, we'll be speaking to two proposed spending measures and give one bit of reflection on the impact of Budget 2009.

The first proposed spending measure we would put forward is increased funding to the aboriginal friendship centre program. This program is funded through the Department of Canadian Heritage. It has been stuck at the same amount of funding, \$16.1 million, since 1996. Since 1996, not one cent of increased funding has gone into this program.

The impact is not on a big national organization. The impact of this is on front-line service delivery providers all across Canada who are struggling to provide services to urban aboriginal people, in many cases the most impoverished people who live in our communities.

With the funding that is provided by friendship centres, the service delivery providers are having a tremendous impact with the limited resources they have. Last year alone, the front-line agencies provided over 960,000 points of service. Now, if one person came 10 times to our food banks, to our prenatal programs, to our youth programs, they would count as 10, because they came for 10 different points of service. But it's an example of the increased number of challenges that exist in urban areas. We have a real opportunity to impact on what's happening there.

The average funding that each of these local agencies gets is \$130,000 across the country. With that funding, they have to hire an executive director, a bookkeeper, and a receptionist, and keep the building open. On average across the country, executive directors of these front-line service delivery agencies are making between \$40,000 and \$50,000. They're doing an incredible amount of work with very little resources.

Our challenge is retaining high-quality staff to ensure that we have the best training possible to support the interventions that are required on the ground, making sure that at the end of the day these people are more competitive in Canada's economy and better able to participate more broadly in this country we have.

Before I make our first recommendation, I should say that we have worked with our department, the Department of Canadian Heritage, in developing a business plan for the long-term sustainability of friendship centres. We worked with Minister Oda, and now, more recently, of course, with Minister Moore, on articulating this business case, on talking directly about the funding challenges, and working with the department.

The long-term sustainability of friendship centres will not take place without increased funding. We're recommending a five-year increase to the program, totalling \$115 million over those five years.

The second area that we want to talk to with respect to a spending measure is the aboriginal human resource development strategy. As we're all aware, Canada's economy is growing. It requires a greater labour pool to fit the jobs and challenges we have across the country. Urban aboriginal people represent a vast untapped resource for this labour pool.

This program, the aboriginal human resource development strategy, is up for renewal this year. In past years it has not focused on urban aboriginal issues. We don't have targeted interventions, meaningfully targeted interventions, across the country to ensure that urban people are fully participating in the economy. We're suggesting that with the renewal of this program there be a particular measure in place to do that.

The third piece we want to briefly touch on is a reflection upon Canada's economic action plan. In the last budget, of course, there was nearly \$1 billion focused on aboriginal people, predominantly spent on reserve. The challenge, of course, is that 54% of all aboriginal people live in urban areas.

• (1535)

There is some hope with the infrastructure program. We have put forward a request for \$85.5 million in infrastructure upgrades to local agencies. This would help do two things. Number one, it would spread around the infrastructure spending to small towns and communities all across this country and not focus on the big cities. Two, it would ensure that those investments are increasing Canada's social capacity to serve some of the most disenfranchised in the country.

Hopefully I have enough time left to say thank you. We appreciate the opportunity. We look forward to any questions, should there be any.

The Chair: You always have enough time to say thank you.

Thank you very much for your presentation.

We'll now go to Mr. Culbert of Bioniche, please.

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 is an innovative bio-pharmaceutical company based in Belleville, Ontario. Our mandate is to act on innovation and to improve quality of life. We are publicly traded, and we invest heavily in research and development. We currently employ about 200 people around the world in technology-based jobs, the majority of these being in Belleville as well as Montreal.

Today I'm delighted to tell you about an innovative opportunity for Canada to be a world leader in terms of public health and food safety. E. coli O157 is a lethal strain of bacteria that's been in the news ever since the early 1990s, when it was first referred to as "hamburger disease". This same strain of bacteria continues to be responsible annually for recalls of beef and other food. It was

responsible for the huge spinach recall in 2006 as well as the infamous disease outbreak in Walkerton in 2000.

The primary reservoir, or source, of E. coli O157 is cattle, from which it is shed into the environment and can contaminate crops, water, and food. In the estimated 26,000 Canadians infected annually, most experience transient diarrhea. However, in 15% of cases a very severe bloody diarrhea develops. In up to 10% of these, they progress on to kidney failure and/or death.

The good news is that the Government of Canada can take pride in the fact that it supported the research and development that led to the world's first licensed vaccine against E. coli O157. It is named Econiche, and it is designed to reduce the risk of E. coli contamination of food and water. It received full licensing approval from the Canadian Food Inspection Agency last October, in 2008.

Although targeted against a persistent public health risk, Econiche is not given to the public. Instead, it's given to cattle. It's the first of its kind. This deadly strain of E. coli lives within the intestines of cattle without any ill effects to them. Studies have shown that the vaccine significantly reduces colonization in cattle by as much as 98%. A reduction in the amount that is shed helps to reduce the risk of it being present in beef or water, or spread to children who pet cattle at fairs, or via produce, as was the case with last year's outbreak in North Bay, Ontario, that was linked to onions grown here in Canada.

The challenge with adoption is that cattlemen receive no immediate or direct benefit to offset the added cost. As this bacterium does not make cattle sick, the vaccine is not for the health of cattle, like other vaccines. It's for the health of people.

If governments provide the initial funding to encourage adoption, we believe the long-term, far-reaching benefits will become apparent. An independent economic report conservatively estimated that investment of vaccinating Canada's national cattle herd would result in annual savings and benefits of at least 2:1 on investment. The cost to vaccinate the national herd is about \$32 million.

Vaccines have been used for decades to address serious public health issues. The concept of vaccinating cattle to reduce public health risk is a perfect fit for the one-world, one-health concept. The challenge with this concept, however, is that it may require the cost to be incurred by one, yet the benefits realized by another.

A poll of urban Canadians revealed that three-quarters of those interviewed were in support of vaccinating cattle to reduce the health risks in our food and water supply. Cattlemen across Canada were also independently surveyed. The data showed that 86% were willing to take action to prevent shedding if the vaccine was just provided to them. Understandably, yet unfortunately, the current adoption levels are very low, as there's no offsetting compensation.

In working toward a national program, we recommend that there be an interdepartmental approach to demonstration projects. The benefits of such projects extend to the departments of health, agriculture and agrifood, as well as international trade. Demonstration projects would encourage primary producers to incorporate technologies—such as Econiche vaccine—that add value to other members of the supply chain as well as the end consumer.

In closing, Bioniche is asking the committee to consider two recommendations. The first is to re-endorse the recommendation that appeared in the final report of this committee last year, which stated that the “federal government develop and implement a program designed to ensure the removal of *E. coli* from the Canadian food chain”. The second is to ensure that until such time as a national program or appropriate alternative is in place, the Government of Canada provide adequate funding for demonstration projects that encourage adoption. We think \$10 million over three years, through programs such as AgriFlexibility, would accomplish this.

Canada is unique. It's the only country with access to a regulated on-farm intervention against *E. coli* O157. The development of this vaccine is the world's first. Widespread adoption will bolster consumer confidence in Canadian agriculture, reduce the public health risk, and position Canada as a global leader in food safety.

● (1540)

Thank you. I welcome any questions.

The Chair: Thank you for your presentation.

We'll now go to Ms. Russell from the Canadian Federation of University Women.

Ms. Susan Russell (Executive Director, Canadian Federation of University Women): Thank you.

On behalf of the 10,000 members of the Canadian Federation of University Women, I thank you for this opportunity to present today. CFUW is a non-partisan, self-funded organization of graduate women and students in 113 clubs across Canada.

The federal government could, in its budget, create favourable conditions for women's sustained economic security. Today I'll speak specifically to three recommendations that can assist women and their families in these difficult economic times.

First, to address the wage gap, CFUW believes that the 2004 Pay Equity Task Force report could provide the framework for action. It recommends adopting a new stand-alone pay equity law that would cover women, workers of colour, aboriginal workers, and workers with disabilities. Ontario and Quebec provide useful models for proactive pay equity. This report has yet to be implemented by any government, and the recent inclusion of the Public Sector Equitable Compensation Act in the budget implementation bill risked weakening what little recourse women currently have to address pay equity and created two standards, one for the federal workforce and one for the general workforce.

Our second recommendation is to establish a national not-for-profit child care and early learning system. Quality accessible child care and early childhood education is the foundation for lifelong learning and healthy development. Canada remains the lowest spender on early childhood education of any OECD country. Canada

ranks last in international assessments of access to and quality of early childhood education and care. The Government of Canada must address and fund an accessible national not-for-profit child care system by restoring multi-year federal funding to the provinces with dedicated capital transfers. This money needs to go to community-based child care services so that the provinces and territories can build critical child care systems.

Third, improve access to employment insurance for women. CFUW supports three changes to improve women's access to employment insurance programs: a cut-off requirement of 360 hours of work across the country to enable women to qualify should they be laid off from part-time or casual work; benefits of up to 50 weeks so that fewer unemployed workers exhaust a claim; and higher weekly benefits based on the best 12 weeks of earnings before a layoff and a replacement rate of 60% of insured earnings.

In closing, I recommend that you consider all of these crucial recommendations in your budget. Thank you very much.

● (1545)

The Chair: Thank you, Ms. Russell.

We'll go to Mr. Lee, please.

Mr. Jim Lee (Assistant to the General President, Canadian Operations, International Association of Fire Fighters): Thank you very much, Mr. Chairman and members of the committee. I appreciate the opportunity to be here today on behalf of the 21,000 men and women of the International Association of Fire Fighters here in Canada.

The IAFF believes that a national public safety officer compensation benefit for the families of fallen firefighters and other public safety workers is long overdue in Canada. It's a matter of dignity for families—a means of ensuring that they don't have to face financial hardship at the same time they're dealing with grief.

What currently exists across Canada is a patchwork of line-of-duty death benefits in each province. A minority of local firefighter unions have been able to negotiate a line-of-duty death benefit at the local level. Of these, only a handful provide an amount of compensation sufficient to assist the surviving family in the long term. Typically, the negotiated benefit is two years' continuation of salary and benefits, which is enough to keep the survivor in the family home for two years. We ask: and then what? Yes, it has happened that a family has had to move out of the family home because of these tragic circumstances, and it will happen again unless some kind of meaningful benefit is established, a national benefit that will apply equally to all Canadian firefighters. The dignity and financial security of a fallen firefighter's family should not depend on the uncertainties of the collective bargaining process, especially at a time when the trend is for employers to attack such benefits and not award them.

I urge you to recommend that the next budget include funding for the public safety officer compensation benefit in Canada. The benefit should apply to firefighters and to other first responders, such as police officers, who are identified under the existing Income Tax Act regulation as members of the public safety occupation.

As a starting point, we propose an indexed benefit in the amount of \$300,000 that would be paid directly to the family. It would be paid in addition to any other death benefits that may be available. In the past nine years, an average of 13 IAFF members have died in the line of duty annually and an average of seven police officers. With these figures we can estimate that a national public safety officer compensation benefit of \$300,000 would cost the government \$6 million annually.

As you consider a benefit of \$300,000 for a fallen firefighter's family, I note that the average age of a professional firefighter who was killed on the fire ground in accidents in North America is 43 years of age. If that firefighter had worked until age 60, at an average salary, that's at least \$1.3 million in salary that the family would have enjoyed over those 17 years.

I also ask you in your deliberations to recognize the essence of Motion 153 from the 38th session of Parliament. Motion 153 called on the Government of Canada to establish a national line-of-duty death benefit for firefighters. The adoption of this motion by a vote of 161 to 112 was a clear indication that a majority of MPs representing a majority of Canadians believe this benefit should be established.

Canada also needs an office for fire service statistics. Statistics Canada does an excellent job of compiling and reporting comprehensive national crime and justice numbers annually. Similarly, Health Canada tracks diseases such as H1N1 and the West Nile virus, thereby giving local health authorities the information they need to properly protect citizens. For fire protection there is virtually nothing in terms of complete, reliable, and up-to-date national statistics. Currently, the fire data is the responsibility of the provincial authorities. The sad truth is that some provinces are a year behind in statistics and some seem to have given up all together. Someone needs to take charge of this problem and fill the void that exists. We believe there's a clear role for the federal government in this area. In the name of public and firefighters' safety, the IAFF calls

on you to recommend funding of the national office for fire service statistics.

In closing, as the Canadian government continues the planning to protect Canadians from the second wave of the H1N1 virus, I wish to emphasize the need to ensure that firefighters are among the first groups to receive the available antivirals and vaccines. Independent risk analyses show that without any precautions, 25% to 30% of firefighters may be unavailable for duty during the height of an influenza pandemic due to illness. Firefighters are part of Canada's critical infrastructure, but a fire department simply cannot provide adequate protection to the public with this level of absenteeism.

Thank you very much for the opportunity, and I welcome any questions you may have.

• (1550)

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

We'll now go to Ms. Watters for her presentation.

[*Translation*]

Ms. Carolyn Watters (President, Canadian Association for Graduate Studies): Thank you very much for having invited me today.

[*English*]

I will speak in English.

The Canadian Association for Graduate Studies represents about 165,000 graduate students and post-doctoral fellows in Canada. I'm not going to make the argument today that we need highly qualified personnel. I'm not going to make the argument that Canadian universities aren't doing a good job—we're doing a great job.

However, I will let the science and technology board make the case for me that in order to have “the best-educated, most-skilled, and most flexible workforce in the world”, we are going to need to work cooperatively—the federal government, the provincial governments, and all of the universities—to make this happen. Unfortunately, as the Conference Board notes, we are “strikingly low” in Ph. D.s in math, science, computer science, and all applied sciences, those very sciences that we think are going to bring innovation to our economy.

This doesn't include the humanities and the social sciences, which we are going to be relying on more and more in the next few years as we come out of this recession: social policy, planning, and public works. We need these people.

Unfortunately, we haven't quite closed the gap. We need to work harder on this and we need to work together. There is a lot more work to be done. We're just not there yet.

Our recommendations for how we might get there are based largely on policy and agenda items. The first recommendation is to continue the work that has been done in the last budget in increasing the scholarships for master's students and graduate students.

The last budget also introduced infrastructure money. It's welcome. We clearly needed infrastructure money in the university system. However, education is not only buildings. We need to have the buildings and we need to have the labs, but we need to have the people who are in the labs. Labs need people, students need supervisors, and labs need graduate students to work in them.

The second point in terms of investing is that we need slightly longer long-term planning. A one- to two-year investment in new scholarships is actually not quite adequate to allow the system to turn. A university is like a large ship; it does take a bit to get this thing to turn.

Professors are not that willing to expand their labs for a one-year input of new scholarships. Three- to five-year planning cycles allow people to move their research a little bit so that they can get new agendas to shift, but a one-year shot is really not enough to get a professor off their current path. I'm not saying that in a negative way, of course. What we're really suggesting here in terms of cost would be to simply continue the new master's and Ph.D. scholarships for an additional two to four years so that there would be a longer-term commitment and university professors could actually change their research directions.

Secondly, we urge the finance committee and the federal government to be aware of the need for balance in research. We need to have basic research. There's a lot of emphasis and a clear winning when we can get close to the front. We have things coming out of universities so that companies, such as the one that was mentioned for the cattle, can actually get these things in the field and get them into the economy. That will not happen if we don't actually maintain our money with the basic research. What are we going to do in five years if we've used up all the research? We have to keep that pipeline open. Who does all the work? Graduate students do all of the work. That's my plea here. Eighty per cent of all the money goes straight to graduate students.

The third recommendation is to invest in post-doctoral fellows. The tri-councils currently fund only 500 post-doctoral fellows. Ph.D. s in the sciences and the medicines need another two to four years to become specialists in their areas. We pay a lot of money to get people through a Ph.D. Let's not waste it by having them go somewhere else. Let's not waste it by not having positions to keep them in Canada for when the economy turns around. It takes eight years to get a Ph.D. If the government said tomorrow that we need 10,000 Ph.D.s and we had stopped production, it would take eight years to get there.

• (1555)

These suggestions are not big fund requests. These are largely requests for change in policy and setting of an agenda in the long term. For me—I'm a computer scientist—three to five years is still the long term. Let's have a planning horizon that will put the economy and society in good stead.

Thank you very much.

The Chair: Thank you, Ms. Watters.

We'll go finally to Mr. Bradley, please.

Mr. David Bradley (Chief Executive Officer, Canadian Trucking Alliance): Thank you very much, Mr. Chairman and members of the committee.

On behalf of the 4,500 members of the Canadian Trucking Alliance, I'm happy to present to you again this year.

As in previous years, I just wish to remind you that trucking is a significant leading indicator of economic activity in the country. While there is some preliminary indication, or perhaps I'd better characterize that as hope, that the economy has hit bottom, no one in the trucking industry is anticipating any meaningful improvement or growth at this time. The situation remains extremely fragile.

As an essential component of the supply chain and a key facilitator of Canada's trade, the trucking industry has an important role to play in terms of economic renewal. The 2010 budget needs to ensure not only that recovery is real but that Canadian businesses are able to take full advantage of the recovery when it does come.

The trucking industry doesn't expect government to solve all of its problems. Our industry is a creature of the most competitive market there is. Ultimately, our members' ability to manage their businesses will determine whether they survive. However, the Government of Canada and the 2010 budget have a significant role to play in ensuring that the industry is able to take full advantage of the opportunities that do present themselves through economic renewal, is treated fairly compared to other sectors of the economy, and receives value for the tax dollars it generates.

Furthermore, it's important to note that the industry's economic goals are more aligned now with society's environmental and safety goals than at any other time. CTA's primary goal for the 2010 budget is to establish partnerships with government and mechanisms to accelerate the re-equipping of the Canadian truck fleet when recovery does take hold.

Ours is also an industry where our number one business input cost, diesel fuel, has not been harmonized with the GST in terms of its taxation. It is still subject to the archaic and regressive excise tax. Few other industries, certainly none that I can think of beyond the transport sector, are subject to so severe attacks on their primary business input.

CTA has raised this issue with the committee in recent years. The excise tax on diesel fuel serves no policy purpose other than to generate general revenue.

Perhaps our message has started to sink in. During the 2008 federal election, the current government promised to reduce the federal excise tax on diesel by 50% sometime over the following four years. However, while the fundamental tax policy arguments for reduced or eliminated tax are as, if not more, relevant today than they were a year ago, CTA is open to discussing an alternative approach other than reducing the tax at this time. We're prepared to work with government on a program that would earmark revenues generated from the excise tax to programs aimed at accelerating investment in and increasing the market penetration of new smog-free heavy-truck engines and proven currently available GHG technologies.

The 2010 model year heavy-truck engines that roll out later this autumn represent the final step in the joint mandate of USEPA and Environment Canada to eliminate smog-causing air contaminants from heavy-truck engines. This is great news for the environment, but it comes at a cost. First, the new heavy trucks will cost about \$10,000 more to purchase than previous models. Second, to become smog-free the new truck engines have had to give up some fuel efficiency. This is not only costly to truckers, but it also impairs our ability to reduce our carbon footprint.

It is imperative that we at least win back the lost fuel efficiency from becoming clean, but of course we also want to do better than that. Energy efficiency technology on trucks is, according to the National Round Table on the Environment and the Economy, the second-largest single GHG reduction opportunity for Canada, after carbon capture and sequestration.

The fuel efficiency technologies that CTA proposes in its enviroTruck initiative are all proven and available. They are approved by the USEPA SmartWay transport program. The California Air Resources Board is going to mandate them in regulation in that state starting in 2010.

A study by a reputable environmental engineering research firm for CTA found that if the entire Canadian fleet of class A trucks were to adopt the full enviroTruck package of energy efficiency technologies, GHG emissions would be reduced by 11.5 million tonnes a year, the equivalent of taking 2.5 million cars off the road.

The problem is that the industry is in no position to buy new equipment, at least not at a rate that would provide much environmental benefit for many years to come. The industry simply doesn't have the capital, and credit remains extremely tight.

• (1600)

There are a couple of federal programs providing some very modest incentives already in existence. Transport Canada's eco-FREIGHT program provides \$65 million over four years for qualified purchases. However, these dollars are split amongst all four transportation modes: rail, air, marine, and trucking. Similarly, last week NRCan announced a pilot demonstration program where funds are available for investing in U.S. EPA SmartWay-approved technologies. However, the total amount of funds made available is only \$1 million.

CTA would like to see better coordination and consolidation of the various programs. Moreover, we would like to see an appropriate level of funding provided that would leverage greater industry

uptake, and a possible source of that funding is, in our view, the revenue generated from the federal excise tax on diesel fuel. A similar approach could also be used for the latest proven safety devices, such as electronic onboard recorders for monitoring hours of service compliance, and electronic stability control. Mandates for both of these are currently under consideration in the U.S. and Canada.

The Chair: Mr. Bradley, could you just wrap up? We're well behind time.

Mr. David Bradley: I am wrapping up, sir.

Furthermore, in the 2008 federal budget, capital consumption allowances for purchases of new, less polluting railway locomotives were accelerated. Why just one mode of freight transport was provided with this incentive has never been adequately explained. The trucking industry seeks the same consideration.

Thank you very much.

The Chair: Thank you for your presentation.

We'll start with Mr. McCallum, please.

Hon. John McCallum (Markham—Unionville, Lib.): Thank you, Mr. Chair, and my thanks to all the witnesses for your thoughtful presentations. They were convincing presentations, by and large.

I'd like to begin with Mr. Lee of the International Association of Fire Fighters, and I'd like to say that in particular I strongly agree with two of your proposals. First is the public safety officer compensation benefit. It's \$300,000 and I think it is overdue. I think, in the total scheme of things, it is a relatively low cost. I also fully agree with \$6 million annually, I believe you said, as an estimate of that cost. Six million dollars is a lot of money, but in the context of the federal budget, it is not a huge sum. I also fully agree with your proposal for a national office for fire service statistics.

As for the third one, I don't really have the expertise to.... I'm not saying I'm opposed to it; I'm just not knowledgeable enough. But certainly the first two we in the Liberal Party would strongly support, and maybe if all parties support these recommendations, that could provide some pressure in the upcoming budget, whichever party happens to be presenting that budget. Thank you for that.

If I may turn now to the graduate students, as a former professor, I'm naturally sympathetic to that, and as a member of the Liberal Party, our leader has said frequently that to create the jobs of tomorrow, we need research and innovation and brainpower and ideas. Everything you say is highly consistent with that. In that sense, I fully support it. It's true that the Conservatives provided some funding for graduate students and some funding for infrastructure, but they actually cut the funding for the research councils and they cut the funding for science. We, in a sense, are going in the opposite direction.

I have two questions for you.

I agree that two-year funding for graduate students is not sufficient; it should be three to five years. One possible rationale for two years is that it's the period of their fiscal stimulus. But if the idea is that we only need funding for graduate students during a recession, and it's right to cut it off after that, that's a very misguided view of the world. Is it your understanding that the two-year limit on funding for graduate students is—as opposed to three to five years—related to this two-year fiscal stimulus plan, or is there some other reason?

•(1605)

Ms. Carolyn Watters: I might just clarify first. It's a two-year program, so there was a shot of 500 in the first year, 500 in the second year, and none in the third year. Each student at the master's level got it for one year. I believe it is a recession initiative, but the problem is that it's not good value for the money if it's not taken up in the appropriate way.

If we don't have enough students applying because nobody's actually doing that right now and no one is willing to move into that area, then we spend the money, but we may not have spent it in the best way going forward. I'm not one to say that we don't want the 1,000 scholarships, but I think even if it was the same number but spaced out for three to five years, then people can build programs, people can move into these areas, and we will get more bang for our buck.

Hon. John McCallum: Right. And I assume you agree that the need for graduate funding will continue to exist even beyond the two years that we think the recession will exist.

Ms. Carolyn Watters: To be honest—of course I have a vested interest—I see no end to the need for graduate funding. If we want to increase and be anywhere close to the rest of the OECD in graduate production, we must step up and increase the number over longer periods of time. But I know that governments work on shorter time periods, so even a three- to five-year window would make a big difference in planning.

Hon. John McCallum: I fully agree with that.

Can you comment on the implications of these cuts in funding to research for universities—or more importantly for the economy?

Ms. Carolyn Watters: If we cut research, then we can also cut innovation and the high knowledge-level style of jobs we need. In fact, I love being in Ottawa, because when I look around I believe that short of downtown U of T, the highest proportion of Ph.D.s and master's students in the country are on Parliament Hill. We need them for policy making, we need them in health, and we need them in science and engineering. We aren't anywhere near where we need

to be. And the Conference Board...I love “strikingly low”. It kind of hits you there. So how are we going to get there? And if the baby boomers retire, who is going to replace them?

Hon. John McCallum: Thank you very much. I think we're both either academics or former academics, so I agree with everything you're saying.

If I may turn now to Ms. Russell, I noticed in your presentation you made a contrast between affordable, publicly provided child care versus the \$100-a-month Conservative plan. We are on record as favouring the former versus the Conservative plan. Can you describe to me which one you think is better and why?

•(1610)

Ms. Susan Russell: The \$100-a-month plan is really not a lot of help. It's not sufficient to cover child care costs and it is taxable, so if you are over a certain income bracket you don't get anything. You could say that those people can afford it anyway, but it has done absolutely nothing to open up any child care spaces whatsoever. So it doesn't address the issue of having accessible child care, and it doesn't really address quality, standards, or anything else. It is not truly universal.

I really feel we need a real and proper child care system and an early learning system that's accessible to all Canadian children. It is an investment in the future of the nation.

Thank you.

Hon. John McCallum: Thank you very much.

The Chair: Thank you, Mr. McCallum.

Mr. Laforest, *s'il vous plaît*.

[*Translation*]

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

Good afternoon to all of the witnesses.

Mr. Dinsdale, you are the Director General of the National Association of Friendship Centres. In my riding which includes a northern area of Quebec, there is an aboriginal friendship centre in La Tuque. I know that the aboriginal friendship centres offer services to Aboriginals living off reserve, often in cities located quite close to reserves.

The question I have heard frequently recently is the following one. There is a higher suicide rate among aboriginal populations than in the white population. Suicide prevention centres are subsidized by the Quebec Ministry of Health as this is an area of provincial jurisdiction. The province administers and subsidizes suicide prevention centres. These centres, in particular the La Tuque centre, want to begin to offer many services to the aboriginal population, both off reserve and on reserves. There is a lack of funding for these additional services that they want to provide to help prevent suicide.

Is there a similar situation elsewhere?

[English]

Mr. Peter Dinsdale: The issue of aboriginal youth and aboriginal people generally committing suicide is rampant across the country. Numerous studies have been done on the lack of self-government in many of these communities and its impact on people committing suicide. When varying degrees and notions of self-government increase, suicides decrease. This exists across the country in every jurisdiction.

I think the suicide epidemic speaks to hopelessness. Half of all aboriginal people don't graduate from high school, half of our people are under the age of 25, and half of our people live in urban areas. Whether we choose to acknowledge it or not, Canada has a growing underclass of people who are racialized, being aboriginal, who live in the most impoverished areas of our communities, and who see little hope. They see little hope because budget measures don't directly target them. They see little hope because jurisdictional battles between the province and the federal government over who has responsibility prevent meaningful action from taking place in many cases.

Our program and others like it provide hope and a place for these people to come. We provide programs that turn things around, and we partner with the very types of programs you're talking about that in the most drastic circumstances prevent suicides directly. Our appeal is based on one program, but the larger principle at play is the need for all jurisdictions to support meaningful interventions to really break the gridlock of poverty that exists. Ultimately, things like suicide, gangs, violence against women in our communities, our teens prostituting themselves on the streets, and murdered and missing aboriginal women are all related to the same types of issues. Interventions like this in one of those programs can have an impact.

•(1615)

[Translation]

Mr. Jean-Yves Laforest: In fact, you are saying that if the federal government met the demand as you have formulated it, which is to increase the budgets of the aboriginal friendship centres, this would also be an adequate way of fighting suicide.

I would now like to put a question to Ms. Russell.

I listened to your presentation. We are always surprised to hear data such as the data you submitted, even if we have heard it several times before, for instance the fact that there is still a considerable gap between the salaries of men and women everywhere, in Canada and in Quebec. Whenever I hear this type of thing I have trouble understanding how it can be that in a country as developed as our own, we cannot see to it that both women and men contribute

equally to the development of society. I agree with you entirely that we do not use women's talents sufficiently. There is even inequality where persons holding degrees are concerned. It is completely unacceptable. I can unequivocally state that my party, the Bloc Québécois, supports your pay equity demands.

You also talked about setting up a universal day care system. In Quebec, this is a model that works very well and allows women to participate in the labour force while continuing to fully play their roles as women and mothers. I encourage you to continue your struggle in this area because this is extremely important.

The Chair: You have one minute left, Mr. Laforest.

[English]

Ms. Susan Russell: I'm very aware of how excellent the system is in Quebec. I wish the rest of the country had the same system. It's one of the linchpins to women's economic independence. I thank you for your comments.

[Translation]

Mr. Jean-Yves Laforest: My last question is addressed to Mr. Lee.

Concerning the universal benefit, you were talking about compensation of \$300,000. Everyone is aware that firemen provide a very noble service. When there are deaths, unfortunately, this is comparable to the situation of soldiers who lose their lives in Afghanistan.

The Chair: Could you put your question, please.

Mr. Jean-Yves Laforest: On what is this amount of \$300,000 based? Is it comparable to what the families of soldiers receive when they are killed?

[English]

The Chair: Very briefly, Mr. Lee.

Mr. Jim Lee: We have actually looked at what the U.S. is currently doing. The U.S. is currently at \$400,000 for firefighters who die in the line of duty, in the performance of their duty. That's what it was based on. We compare ourselves to the soldiers because we are the domestic defenders here in Canada. In a natural disaster or a terrorist attack, or any of that, it'll be the firefighters who are first on the scene. We're there within four minutes. That was proven in 9/11 when we lost 343 firefighters in the twin towers.

The Chair: Thank you.

We'll go to Mr. Kramp, please.

Mr. Daryl Kramp (Prince Edward—Hastings, CPC): Ms. Russell, could you tell us what a full-blown national child care program would cost?

Ms. Susan Russell: I'm not entirely sure, but I remember just before the Martin government fell, there was \$750 million allocated to a child care program that would be shared with the provinces. I would suggest that it would be cheap at the price. It would be an investment in the future. If we shortchange our children and our families, we shortchange Canada itself.

•(1620)

Mr. Daryl Kramp: Thank you.

The reason I ask is that as a government, in a perfect world, we can be everybody's problem-solver from cradle to grave, but we had witnesses testify this morning to this committee that such a program would cost roughly \$40 billion. I have no idea whether that figure or yours is accurate, but I suggest we would need some very hard figures brought to this committee so that we can make an intelligent decision based on those figures. Could I make that recommendation to you?

Ms. Susan Russell: You might want to cut back on defence spending in order to do it. You might want to think about that.

Mr. Daryl Kramp: I'm not asking you to set priorities for the government. I'm asking you to provide information that would tell us what your assessment would cost. If you could do that, we would certainly appreciate it.

Ms. Susan Russell: Okay. I can get back to you with figures.

Mr. Daryl Kramp: That's all I'm asking. Thank you very kindly.

I'd like to go to the issue of food safety.

Mr. Culbert, as parliamentarians, I think one of the number one priorities that we are responsible for is the health and safety and protection of our citizens, whether it's listeriosis, BSE, or E. coli. I had a very good friend and neighbour in my riding who was one of the people who passed away from listeriosis. When we take this across the country and we see the effect, people have to have faith in their food supply.

I'm very interested in the proposal by Bioniche to move forward with a demonstration program. We're looking at a \$10 million demonstration program. What does that entail? I see in some of your earlier figures \$35 million for a national vaccination program, but where does this demonstration program take us? What would this do for us?

Mr. Rick Culbert: Thank you for your question.

The demonstration projects that we're trying to facilitate right now have basically two elements.

One element is that they would measure in the environment, where the vaccine is being used, the reduction of E. coli. Again, it's naturally coming out of the cattle; it can naturally get into aquifers, it's on their hide, and it can be carried into packing plants. We would be measuring the actual reduction of the E. coli that could potentially be at risk of being exposed to humans.

The other element we're looking at is really more of a trade issue, in that we believe there are customers, both internationally and domestically, who, if they knew there were supply chains of cattle available that had a further risk reduction procedure done to them, might get a premium, or it might get them preferential supplier status. That again would be a favourable signal to the farming community that something like this could help them in their marketing.

Mr. Daryl Kramp: We have not adopted this technology—your science. Are there other nations or countries in the world that you've exposed this to or that are considering this type of protection?

Mr. Rick Culbert: We're working on some international submissions right now in the U.S. and Australia. Again, Canada deserves some credit here, but the challenge for regulators is to think outside the box. Every other cattle vaccine that's registered in Canada and elsewhere in the world up until now is to prevent disease in cattle. This one doesn't prevent disease in cattle; it prevents the colonization of a bacteria that causes disease in humans.

Some nations are better adapted to deal with an innovative technology like this, and Canada has been the first to do it. Whether it'll be next licensed in Australia, which is very focused on ensuring the safety of their beef export, or the U.S., I don't know. We're working on regulatory dossiers elsewhere around the world.

Mr. Daryl Kramp: How long has your company been working to bring this to this stage?

Mr. Rick Culbert: We started on this in 2001, as I recall. So it's been about eight or nine years now.

Mr. Daryl Kramp: So this has been a long process. Would it be similar to a normal pharmaceutical drug process, or is it...?

Mr. Rick Culbert: No, I think it would be similar. Biologics or vaccines, as a rule, may not have quite as exhaustive mechanistic studies because, again, you're not putting anything in their system, such as a chemical; you're just stimulating the immune system to put up its natural defences against a germ, so the cost of developing a vaccine is slightly less than that of a drug. But you're absolutely correct on the timeframe.

•(1625)

Mr. Daryl Kramp: Obviously food safety is the primary concern, but do you see a potential competitive advantage internationally if we were able to bring something like this into our food supply, whether it's a first line of products, such as the beef, and/or dairy products even?

Mr. Rick Culbert: Yes, I do. Very much so.

Mr. Daryl Kramp: Okay, and how about down through the system? We've seen where it's not just been in the direct line of the cattle, but it's been into spinach and other things.

Of course, there have been many, many more problems outside this country, in California in particular, so do you see a strong potential for export of this as well?

Mr. Rick Culbert: Oh yes, I think so. I think in terms of job creation in Canada, increasing the volume of vaccine we produce for sale to other countries is a distinct possibility, as people learn how to use this out-of-the-box, innovative technology.

Mr. Daryl Kramp: I'm so sorry that I don't have enough time allotted to get to some of our other members. Thank you for your presentations; there were a number of excellent presentations here today. I, and my colleagues who don't have a chance, will certainly be perusing all of them and we'll factor them in, so thank you for your presentations.

If I have just a second, I'll pass on to Mr. Wallace.

The Chair: You have three seconds.

Mr. Mike Wallace (Burlington, CPC): I'll wait, and hopefully there will be a third round for us.

The Chair: Okay. Thank you.

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

[Translation]

Mr. Thomas Mulcair (Outremont, NDP): Thank you, Mr. Chairman.

I too am pleased to welcome our witnesses here today.

I would first like to say to Mr. Dinsdale how much I appreciated his presentation, all the more so since I had the immense pleasure of meeting with the association of native friendship centres in British Columbia, barely a few months ago. This was an enriching experience for me, but I also learned a great deal about the reality of first nations, in particular in urban areas in Canada. This reality is well known in certain milieux. My Bloc Québécois colleague, Mr. Laforest, just mentioned the example of La Tuque, in his riding. However, in large urban centres in Quebec, this reality is not well known. I spent a fair bit of time with the group in British Columbia, and the testimonials I heard were very moving. I also want to say that I consulted my colleague Jean Crowder, who is the New Democratic Party aboriginal affairs spokesperson. You have our complete support.

[English]

I'll just repeat that for you in English. You have our complete support for the budget request you're formulating. The work that the friendship centres are accomplishing is of course first and foremost in the interest of the first nations and the specific needs you've outlined and answered in response to a lot of my colleagues. But more importantly, it seems to me, it's work that we all have to do as a society; it's part of our obligation.

I had the great pleasure of working with and knowing René Dussault, who co-chaired the Erasmus-Dussault commission, because he and I both occupied the same function at one point in Quebec as chairman of the Office des professions du Québec. I remember talking to him in detail after the report was tabled and he said, "Tom, you have to realize this has to start being addressed now." If not, it's a question of sustainable development, which we often put in the context of our obligation to future generations in terms of the environment. But sustainable development includes taking care of our problems now, and not shovelling them onto the shoulders of future generations. So whether within the first nations communities or within the larger community, the obligation is not to leave our children with some clear issues that can be dealt with properly.

For you to have been left with the same level of funding since 1996 is clearly unacceptable; the needs have grown, not diminished. You gave examples, and I appreciated them. The example of a director general of one of those large centres earning \$40,000 or \$45,000 with the caseload they have shows you have dedicated people, but it also shows we're unrealistic given the demands being

put on the friendship centres. So you have the NDP's full support for your budget request.

I would ask, though, if you could explain to us in a little bit more detail what process you have followed in the past 13 years as the budget has been refused year after year through successive Liberal and Conservative governments. What has your *démarche* been to try to get more money out of the government? And what's the answer been? What's the rationalization been for holding you at that funding level?

Mr. Peter Dinsdale: Thank you very much for the question. We certainly appreciate the support we've had thus far from the party and your active involvement in helping us.

I've been in this position for five and a half years, so I've been through five budget processes. It's been interesting with minority governments in that there's not really been a successive kind of planning budgetary process. There have always been quick stops and starts, and then rushes, and then in some years not even the consultations.

I think the last times we had major renewal were in 2001 and then in 2005. In going through those processes, we went around to brief as many MPs with friendship centres in their ridings as we could, to articulate their support and to talk to the Minister of Finance and the Minister of Canadian Heritage. When we brief the Minister of Canadian Heritage, we usually get supportive responses. It's an important issue, but there are always other budgetary challenges. Year after year, it's been the same kind of response.

This year again, we tried a little bit of a different process in starting a business case process with, originally, Minister Oda, to say, "Let's look at the long-term sustainability of friendship centres and how we can work together". We came up with numbers together and agreed upon an approach. Then the election happened and there was a new minister. We believe that at that time the Department of Canadian Heritage was more interested politically in the Quebec anniversary and less in this program that's in the department. With Minister Moore, they're very supportive in terms of meeting early on, but we're still stuck in this process of government priorities and not having a broader view of, we believe, maintenance and management of a program.

We're now trying to get a friendship centre caucus of all MPs with friendship centres in their ridings. As you know, Jean Crowder has offered to be one of the first co-chairs, along with Chris Warkentin, to work together to try to get multi-party support. We don't believe this is a political issue. This is really, as you say, about the future of the country and how we work together. We see people from Newfoundland and Mexico flying over us to get to the tar sands to work when we have people in those communities they're flying over who are struggling and wanting those kinds of supports in order to be engaged in the Canadian economy. That's the reason for the inclusion of AHRDS and the core funding for friendship centres: to try to reach some of those challenges.

Every year we come to the pre-budget finance committee, we make our submissions, and we brief the minister. Our challenge is having it become a priority in any of the governments in terms of having them pushing it as we move forward.

•(1630)

Mr. Thomas Mulcair: We're going to do everything we can to help you push that.

The Chair: You have a little over a minute, Mr. Mulcair.

Mr. Thomas Mulcair: Thank you, Mr. Chairman.

Mr. Culbert, yours was a fascinating presentation. Congratulations for your extraordinarily original work.

I have a question for you that has to do with the part of your presentation where you explained that you can actually help the food chain more generally. Has it been your experience that E. coli, for example, in certain farming areas, has even been seeping into what had been the market gardens? In other words, you could wind up with vegetables that have had E. coli in them. We had some cases of that in Quebec.

Mr. Rick Culbert: Yes, that's absolutely correct. Fifty-five per cent of the food-borne illness that's due to E. coli 0157 comes through beef, while 45% comes through other foods. The spinach was probably the most infamous case, with that huge recall. It's been in lettuce, and, as I said, last year's outbreak was traced back to onions.

Mr. Thomas Mulcair: Now, in those cases—the spinach one you spoke about was mostly a U.S. issue—was that animal-borne E. coli? There was some explanation given that it might have been from some of the workers, so I wanted to know if you have ever been able to trace it.

Mr. Rick Culbert: Yes, it has been traced.

Mr. Thomas Mulcair: And it was animal?

Mr. Rick Culbert: Yes.

Mr. Thomas Mulcair: Okay. So this is a product that if it went worldwide could actually go a long way to making the food supply a lot safer for things like market gardens and vegetables.

Mr. Rick Culbert: Yes.

Mr. Thomas Mulcair: Thank you for the presentation. Sometimes in these hearings presentations are on issues that the wider public hears about on a general basis, but this is something very specific, and help can be brought about. I think that creating that sort of leadership in terms of research and development is also something that spins off in terms of jobs and helps the economy, so you did well to come here today. Thank you for enriching our thoughts with that experience.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Mulcair.

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

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

Thank you to our witnesses.

I want to direct my first question to Dr. Watters. With respect to the disparity between the United States and Canada in terms of post-doctoral or doctoral education in particular, this is a question that's kind of dear to my heart. Actually, it's dearer to my wallet, because I have a son in a doctoral program in the United States, I have a daughter in a master's program in Canada, and I have another daughter who's about to go into a master's program and hasn't made up her mind about where she's going to go.

When my son did his analysis of the program he wanted to do, Canadian universities weren't even in the league, frankly, as far as the support that was available for him was concerned. This morning we had a presentation from the polytechnics, part of which showed that the universities eat all the research money and leave nothing available for the polytechnics for application of that research. My question to you is, in effect, twofold. How could you as universities be receiving enormous amounts of money, initiated primarily under the Martin-Chrétien years but hopefully not entirely cut off by this government, and yet still not be competitive with American universities in particular?

•(1635)

Ms. Carolyn Watters: I'll respond.

I can't speak for the Quebec universities in particular, but certainly if I take Dalhousie as an example of one of the G-13 research-intensive universities, of the \$17 million that goes to our graduate students, about \$13 million comes from the federal government, one way or the other, through direct scholarships or grant funding to professors, 80% of which goes directly to the students.

The big difference is the endowments. Dalhousie is one of the Killam institutions, so we're extremely fortunate to have a large endowment. It produces only about \$2 million a year directly for graduate students. Without the large endowment, the alumnae contributions that we find in American universities, we just don't have the resources to do that. It's a very different culture. The A-minus and better students are funded, by and large, but not at the same rate as they are in American universities.

The competition in Canada has heated up tremendously in the last two or three years, with Alberta, Ontario, and British Columbia doubling the number of graduate students they want in the universities but not providing enough support for them. Your daughter and your son may be accepted into these programs and then get just enough to cover tuition.

Of course your kids are going to go to the States if they're going to get a big scholarship. We need to be competitive.

Hon. John McKay: It's interesting that you should hit on the cultural aspect of American universities. Certainly at a doctoral level it is an entirely different culture.

Thank you for that answer.

My next question is for Mr. Bradley.

With respect to the federal excise tax on diesel fuel, you said there was an opportunity here to harmonize with the GST, or now HST—or sometimes HST and sometimes GST. I didn't understand the thrust of that comment.

Mr. David Bradley: In the 1980s, when the federal government created the goods and services tax, we introduced a value-added tax with regard to business input. We approached this committee at that time to say, "Look, this is a significant tax on our most significant business input. It was introduced simply to raise revenue to reduce the deficit at the time. Shouldn't it be harmonized with the GST?" The committee said, "Yes, we agree with you; it should be. It's a regressive, archaic form of taxation, but we have a deficit. We can't afford it right now, so come back in a few years." We keep coming back every year asking for it to be harmonized.

We've seen it eliminated, for example, on jewellery and other things. It's sort of odd that commercial fuel is being viewed as a luxury. I think it's an old way of thinking about these things.

Hon. John McKay: Thank you.

[Translation]

The Chair: Mr. Roy, please.

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

My first question is for Mr. Dinsdale.

I had an aboriginal reserve in my riding, the Maria reserve, in the Gaspé. At the time, the chief came to see me to discuss a problem I will describe to you. Afterwards, I met with other groups, who worked in the Official Languages area among others, and who dealt with Heritage Canada. Two weeks before the beginning of the school year, these people still had not received from the federal government confirmation of the amount they would be able to allocate to hiring teachers for young aboriginals. Each year, the lack of the information needed to hire teachers, the delay in transmitting the information concerning the necessary amount, posed a serious problem. To keep these teachers they had to be able to confirm to them that they would have a salary. I used to sit on the Official Languages Committee. Concerning groups which fell under Heritage Canada and were involved with official languages, we were told this: if the fiscal year ends March 31st, you will only receive the cheque for the previous year in January. So groups had to finance themselves for seven or eight months while waiting for the cheque. This was a problem. Imagine that the amount you are to receive is \$100,000. You then have to borrow from the bank and pay interest. So in reality the amount you will have is not really \$100,000.

Do you have the same problem with Heritage Canada at this time?

• (1640)

[English]

Mr. Peter Dinsdale: Not right now; we were, and in part it was due to the Treasury Board's guidelines on the grants and contributions that govern the types of submissions and due process that need to take place.

One of the problems we ran into is when an application would take place, the department would not start the review until April 1. The program should start on April 1. Never mind the review starting

on April 1; the review should start in January. We made some structural changes because we ran into that very issue. We receive our core funding in July or August or September or later, and we have to have short-term loans, which are not eligible expenses under Treasury Board guidelines, thus reducing our funding capacity.

The Department of Canadian Heritage should be congratulated for taking the necessary measures to have front-end accountability measures built in earlier in the process to review the kinds of grants we get earlier; that has been changed. In fact, we, today, are still waiting for funding for a program from HRSDC that's supposed to start April 1. We've had our proposal in since February and we're still waiting for word on the status of that application. There are a number of examples.

So it's a systemic issue. I think it's relating back to grants and contributions and Treasury Board authorities and how they're interpreted by each department. I think it puts a greater onus on making sure all the.... I think they're more concerned about process than outputs, which is always surprising to us.

We feel they should be more focused on the outputs of the programs as opposed to the process to get to the proposal and the application.

We got through this with Heritage, and we're happy to share that experience with any other officials. I know Indian Affairs with the education grants would be slightly different, but it is a challenge for sure.

[Translation]

Mr. Jean-Yves Roy: As you mentioned, federal government support is always short term, and you are asking that it be provided for a longer term. If I understood you correctly, these amounts are renewable on a yearly basis. You cannot plan the services you want to provide from year to year if you only receive confirmation on a yearly basis of your ability to fund them. Is that the problem?

[English]

Mr. Peter Dinsdale: I don't think it's unique to our situation. I think it's pervasive in the non-profit sector, the charitable sector, that works with the government, frankly, or most interventions. I think we build it into our business planning—delayed responses of government and delayed timelines. Frankly, it's not just to get a program started. If we submit our second payment reports in August, frequently they aren't reviewed until January and the funding is considered in March; the program we're submitting for is over and we still haven't got our second payment for the program.

The blue ribbon panel on grants and contributions is supposed to look at these things, and hopefully some of the outputs in the line departments will begin to impact on it, but it's a tremendous challenge across the board.

[Translation]

Mr. Jean-Yves Roy: So you are always caught between a rock and a hard place. Because of the way the federal government operates, the situation leaves you in uncertainty, you and all of the organizations that provide the service. Have you made a formal request in order to be able to plan programs over three, four or five years? Do you think you will get there someday?

[English]

The Chair: Mr. Dinsdale, can we just get a brief response?

Mr. Peter Dinsdale: Yes, absolutely.

The new Treasury Board guidelines allow for block and grant funding over a five-year period, a multi-year funding. So our hope is that we go through this process in year one of the five-year program and the multi-year agreement will take us to the end of the five years. Currently, every year we have to go through the same application process regardless of the authority's spending limits.

[Translation]

Mr. Jean-Yves Roy: Thank you.

[English]

The Chair: Thank you. *Merci.*

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

Mr. Bob Dechert (Mississauga—Erindale, CPC): Mr. Chair, I have some questions for Mr. Bradley and the Canadian Trucking Alliance.

Mr. Bradley, you mentioned in your comments that the economic situation facing the trucking industry today in Canada is still quite fragile, although we are seeing some recovery in other areas of our economy. I assume you would agree that this is no time for an election, which would divert the government's attention from the economy, and that it might be quite irresponsible for us to proceed in that manner at this time. That's one question.

I wonder if you could also comment on how the following budget measures from our recent budgets are impacting the Canadian trucking industry, and there are a list of things I want to read out here that I hope will be beneficial for the trucking industry. They include: lowering the federal corporate tax rates and small business tax rates, and I know many small business owners are owner-operators of trucking firms; accelerated capital cost allowance for investment in manufacturing and processing equipment; support for the automotive sector through the provision of \$10.8 billion to General Motors and Chrysler, and in that regard, I'm pleased to have heard recently that Chrysler has announced that it will be assembling a new Fiat model car at its plant in Brampton, Ontario, which is located very close to my riding in Mississauga; and there is \$12 billion for the Canadian Secured Credit Facility to support the purchase and leasing of new vehicles such as trucks, and new investments in roads and border crossing infrastructure.

I wonder if you could give us some comments on those.

Thank you.

● (1645)

Mr. David Bradley: I've often said that I don't know of many industries that have less control over their destiny than the trucking industry, so I'll leave the election comment to that.

Voices: Oh, oh!

Mr. David Bradley: In terms of the budget measures, clearly, trucking being a drive-demand industry, anything that is going to enhance economic output will ultimately benefit trucking. We haul other people's goods. That said, however, specifically the accelerated capital cost allowance for manufacturing has done nothing directly to address the fact that in our industry it takes twice as long to write off a truck in Canada as it does in the United States, for example.

There have been a lot of things to assist domestic manufacturing, but again, if you look at the trucking industry, in Ontario we have lost the two remaining heavy-truck plants that existed in the country. Perhaps that's because, at least in part... Obviously it's a complex issue, with the economy being the overriding factor, but it seems to us that those things that we need in order to try to accelerate purchase and investment in our industry we unfortunately don't see come to fruition.

In terms of the corporate income tax rates, and I think this is an important point to raise, clearly, for Canada to compete for foreign direct investment and for businesses to set up here and to operate, we need to have competitive corporate income tax rates. Again, the trucking industry would benefit from new production staying or coming into Canada. However, as a low-margin business where profits are low, really those corporate income tax rates have not had an appreciable beneficial impact directly on the trucking industry. You have to make a profit before those things really are of much help to you. In our industry, we tend not to make a terrific profit, even in good years.

That's why it's important to us that those other things that eat into our bottom line, such as excise taxes, are addressed. Those would have a real impact on trucking. Whereas, again, the corporate income tax rates are positive and you have to have them, they don't have quite the same impact on our business.

Mr. Bob Dechert: Certainly the excise tax is an important issue. I think that's why it was included in the last budget. I'm sure we'll be proceeding on that shortly.

Obviously, we need to help generate more manufacturing in Canada in order to support the trucking industry. I'm sure the Minister of Finance is working on more ways of doing that.

Now, if you have any other suggestions on how we could do that, obviously it would be appreciated.

Mr. David Bradley: With regard to a lot of the enviroTruck initiatives that we're talking about, it isn't just about buying big new trucks. It's about buying the tires, aerodynamic fairings, auxiliary power units, and all of those things that help improve fuel efficiency and reduce GHG. A lot of those are manufactured in Canada. Unfortunately, given the state of capital and credit in our business, it's going to take us a hundred years before we really see that stuff come into the marketplace.

The programs that are there now for cost-sharing are basically demonstration projects. We don't need demonstrations. These are proven technologies that we can employ today. Unfortunately, the funding isn't really directed in that way.

The Chair: Thank you, Mr. Dechert.

We'll go to Mr. Pacetti, please.

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

Thank you to the witnesses for appearing. A lot of you have appeared before.

I have a couple of quick questions.

Mr. Culbert, I remember two years ago you made a presentation. In fact, you did get a recommendation into our report. At the time, E. coli was really the news story of the year, so with the fact that you had come up with a vaccine, it made sense to ask for government support.

What has happened since then? You would think that it would be in the best interest of cattle producers to have vaccinated everybody by now. What's happened? Why hasn't that happened? Why do you need the government to force this upon somebody who earns his living through having healthy cattle?

• (1650)

Mr. Rick Culbert: Thank you for your question. That's very reasonable to ask. The challenge is that the benefit from vaccinating cattle is only partially realized by the cattlemen. As I said earlier, half of the illness that's due to this bacteria doesn't happen from cattle products. It's water, spinach, and so on. There's no compensation for that part of it there.

The other thing that's unique about the cattle industry is that it's extremely diversified. The person who has the cow ranch where the calf is born is about eight or nine steps away from the person who sells the final animal that gets processed into meat. There's no way to get a slight premium, say, from the end customer passed down to those who used the vaccine.

So it's—

Mr. Massimo Pacetti: My understanding, though, is that it's being done in the States, is it not?

Mr. Rick Culbert: No, it is not. There is a conditionally licensed or tentatively approved competitor down there who was announced publicly. It is not being done in the States.

Mr. Massimo Pacetti: Okay, I thought it was you guys. So you would suggest that the government pay for the vaccine and introduce it at what stage?

Mr. Rick Culbert: Introduce it at what stage?

Mr. Massimo Pacetti: What stage should it be introduced in the process for the cattle? I'm just focusing on the cattle now.

Mr. Rick Culbert: I think it should be made available widely to the cattle industry—to dairy and beef cows, as well as feedlot cows.

Mr. Massimo Pacetti: Okay, thank you.

Mr. Lee, is there a costing affiliated with your suggestion in your second recommendation for a national public safety officer?

Mr. Jim Lee: What's the question again? I'm sorry.

Mr. Massimo Pacetti: Would there be a cost allocated? You're asking for allocation of funds for the establishment of a national public safety officer compensation fund.

Mr. Jim Lee: We think the public safety officer compensation fund is going to be about \$6 million a year. On the statistics issue, we think there are currently departments within the federal government who can handle that. We don't think there'd be any cost to that.

Mr. Massimo Pacetti: And would it be a completely independent office that would run this?

Mr. Jim Lee: No. We've suggested HRSDC, or maybe the National Research Council or something along that line.

Mr. Massimo Pacetti: Okay, great. Thanks.

Mr. Bradley, very quickly, a couple of years ago you also made a presentation for environmentally friendly vehicles. My suggestion was that you should maybe speak to some environmental groups and get them to buy into that. Have you had any success on that end?

Mr. David Bradley: Yes, we have. That's a matter of record.

Mr. Massimo Pacetti: All right. That was your chance to sell it a little bit.

Mr. Dinsdale, just quickly again. I know you've made presentations in the past. My understanding is that you've always got funding, but as you said, it's a problem because it's not recurring funding. Correct? You have to reapply all the time.

Mr. Peter Dinsdale: The program first started in 1972. It's been called the migrating native peoples program; it's changed to different titles. In 1996 it was the aboriginal friendship centre program. All the way through till today, it's been stuck at the exact same funding level as 1996. It hasn't increased one cent since that day. The impact is on the ground on local executive directors.

Mr. Massimo Pacetti: So if we can save money by, let's say, granting the money over a three- or four-year period, we could actually find more money to give to you. Correct?

Mr. Peter Dinsdale: I don't think the bureaucratic entanglement we get into is necessarily a cost measure, other than the interest we pay on short-term loans that we take out. I don't think that's going to go a long way to bringing us from the \$130,000 on average we have up to the \$200,000 on average that's required. I think it's merely a function of the heat, the hydro, the insurance, the staffing dollars. Everything has gone up in cost. Our costs remain fixed. There's been about a 50% impact on our purchasing dollar on the ground. We're trying to catch up in terms of the funding these front-line agencies receive.

So I don't think there'd be cost savings per se.

The Chair: You have 30 seconds.

Mr. Massimo Pacetti: It's remained fixed for how long?

Mr. Peter Dinsdale: It's been fixed since 1996. There's not been a cent increase since then.

Mr. Massimo Pacetti: Thank you.

Thank you, Mr. Chairman.

The Chair: Thank you, Mr. Pacetti.

We'll finish with Mr. Wallace, please.

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

I want to thank our guests for coming and hanging in here until 5 o'clock. I just have a couple of things to say before I get to the question I have for Mr. Lee.

I think, Mr. Dinsdale, you make some very good points, and I appreciate your coming here. I've been on the committee for a number of years and I don't recall your organization being here before; I may have missed it, but I appreciate your presentation.

Ms. Russell, I want to put a plug in for the Burlington chapter of your organization. They come to see me twice a year. I'll be frank with you that we disagree on a lot of issues, but we do sit down and have a meeting. They're very proactive and they're a good group and I believe in them; we just don't necessarily believe in the same thing.

Mr. Lee, the firefighters do a great job in the city of Burlington, and they've come to see me every year. They brought their lobby book forward in April, when they do their lobby days here. The one item in it that's not in your presentation today is the aspect of the CPP reduction because you're forced to retire early. You'd like the CPP requirements to go five years earlier.

I didn't see that in your presentation today. Could you tell me why that is?

•(1655)

Mr. Jim Lee: Obviously we had to prioritize our issues because of the time constraints here. In fact, we're actually in the process of dealing with that issue through the CPP reform that's being proposed now.

Mr. Mike Wallace: Okay, I appreciate that.

In the same vein as the \$300,000 you're looking for, and I don't want to be crass about it—I was at the memorial on Sunday, which was very good and very appropriate to have held it on the Hill—but I'm assuming this is for firefighters or policemen killed on the job, not from disease-related issues. Or are you envisioning that the latter be included?

Mr. Jim Lee: Absolutely, we would include the disease-related deaths. That's just a slower way of dying on the job for our members. Cancer in the fire service is at an epidemic level in Canada, and the provincial governments have recognized that by looking at presumptive cancer legislation. We have to recognize that.

Mr. Mike Wallace: Okay.

I've seen the firefighters for the number of years that I've been here. I was on a municipal council before that, so I saw them on a different issue.

How long has the international association been here asking for this fund at the federal level? Is it a recent thing, or have you been doing it for years? Would you have asked the Liberal government for this when they were in power?

Mr. Jim Lee: We've been asking for this for 11 years.

Mr. Mike Wallace: Eleven years. Okay. Thank you for pointing that out to me.

Does the definition of a public safety individual appear in law somewhere?

Mr. Jim Lee: It's defined under the Income Tax Act regulation, actually. When we got the \$2.33 million, that's where we had to go in and look at who was actually going to get it. It's defined very clearly under the regulation.

Mr. Mike Wallace: In previous times I can remember, when I first got here, there was another item that was asked for. I think it was for training money for WHMIS or preparedness for natural disasters or other pandemic issues. This government has delivered on that money that you'd asked for. Is that an accurate statement?

Mr. Jim Lee: That's an accurate statement. We were requesting funding for HAZMAT training and CBRN training, and yes, the government came up with \$2.5 million.

That's currently in the works.

Mr. Mike Wallace: Thank you very much.

The Chair: Thank you, Mr. Wallace.

I want to thank all of you for your presentations and your responses to all our questions. It was an excellent discussion. We thank you for your time here today.

Colleagues, we will see you tomorrow afternoon at 3:30 p.m. to continue these consultations. Thank you.

The meeting is adjourned.

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