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Chair

Mr. James Rajotte

Standing Committee on Finance

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● (0800)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call to order the 43rd meeting of the Standing Committee on Finance. It's wonderful to be here in lovely Vancouver. This is the first of our nine city stops for pre-budget meetings. We have with us today in Vancouver 30 witnesses, so we have a very full agenda. We're also doing a site visit to the Port of Vancouver today.

I want to welcome all colleagues to Vancouver.

We have sessions of an hour and a half and we have seven witness groups per session, so it's a very busy time. In the first session we have with us, first, the Corporation of Delta; second, First Call: B.C. Child and Youth Advocacy Coalition; third, the Ladner Sediment Group; fourth, the Rental Owners and Managers Society of British Columbia; fifth, the Public Service Alliance of Canada; sixth, the Village of Tahsis; and seventh, the Sport Matters Group.

We'll ask for an opening statement of up to five minutes from each group in the order I've presented.

We'll start with Ms. Jackson, please.

You can begin your submission.

Mrs. Lois E. Jackson (Mayor, Corporation of Delta): Good morning, Mr. Chairman.

Bonjour, mesdames et messieurs. Bienvenus à Vancouver. Thank you so much for being here with us.

Ladies and gentlemen, I am simply going to paraphrase some of our brief. It is a long brief, but I hope everyone has an opportunity to read it.

I will begin with our recommendation that the federal government reinstate local navigation channel dredging funding in the federal budget in order to provide adequate long-term funding for a local navigation channel dredging program in the Fraser River.

I believe, Mr. Chairman, you have all received a map that shows the Fraser River as it comes down through the metropolitan Vancouver area. I have it behind me as well. We will leave that for people to look at, at their leisure.

The Fraser River is the largest river in British Columbia, some 1,400 kilometres long. It actually drains one-quarter of the area of the province. As a result, there are deposits of 32 million cubic metres of sediment, and 10% of that is deposited in the lower Fraser region.

We used to have 20 feet of water in our harbour and along our side channels. That was at low tide. Today we have two to three feet of water at low tide. We're having a very difficult time trying to resolve this issue. Without continued dredging, the key deep-sea shipping and navigational channels will be too shallow for commercial and domestic vessels to safely access our ports.

Mr. Chair, ladies and gentlemen, for more than 100 years river maintenance has been the responsibility of, and in fact funded by, the federal government—namely, Public Works and Transport Canada. They maintained the deep-sea fishing and shipping channels and the domestic and local channels for the fishing industry, tugs, barges, commerce, and pleasure craft. They all use these channels.

In 1990 Transport Canada diverted water from the side channels in order to increase the heavier flow into the main channel to continue to flush the main channel. As a result, the side channels were silted in to a very large extent, and this continues.

We have had 10 years of accumulation, in the amount of about 1.2 million cubic metres, which needs to be removed in order to save our side channels. We need your help. There is no longer scheduled dredging to maintain the Fraser River channels. Port Metro Vancouver dredges the main channel only. Port Metro Vancouver has completed studies that indicate that to restore the channel to pre-1998 conditions it will cost \$5 million, plus \$500,000 annually to sustain it on a long-term basis.

Port Metro Vancouver has given my colleagues from Ladner \$125,000. This is the Ladner harbour sediment study, which is to give them other tools in order to look at dredging to reduce the buildup of silt. They are high and dry in their homes along the channels most of the time.

You will hear from them later, Mr. Chairman.

We have been declared by Fisheries as a core harbour. Of the 1,170 small harbours, 750 are core harbours along the coast, and we are one of them. We do have very large economic impacts, as you can see from the notes we've given you.

● (0805)

Once again, just to recap, we recommend that the federal government reinstate funding for local navigation channel dredging into the federal budget in order to provide adequate long-term funding for a local navigation channel dredging program in the Fraser River. You can see the affected areas in purple on your map.

Thank you very much, Mr. Chairman.

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

I'm advised that First Call is in the room.

Is Ms. Julie Norton or Ms. Adrienne Montani here? Would they like to present? Perhaps we can bring them to table.

We'll move on to the Ladner Sediment Group, please, for your presentation.

Mr. John Roscoe (Chairperson, Ladner Sediment Group): *Bonjour, monsieur le président* and members of the committee.

[Translation]

Welcome to Canada's lotus land.

My name is John Roscoe, and I am the chair of Ladner Sediment Group.

[English]

Thank you for this opportunity to speak before you today.

I would like to introduce to you our spokesperson, Mr. Chris Scurr. Chris is a business owner in our local community and operates Delta's Ladner Cruise and Travel Centre. He is the president of the Floating Home Association, Pacific Region, representing over 500 residents along our waterfront. He is a director of the Ladner Business Association. He is also chair of a focus group for redefining our Ladner Harbour business area. Chris is also a director of the Delta Chamber of Commerce and a director and founding member of Delta's Roberts Bank Lifeboat Society. Chris has lived along the river for 15 years on a float home on our local channels. Chris is also the spokesperson for the Ladner Sediment Group.

On that note, I would like to turn this presentation over to Chris.

Mr. Chris Scurr (Spokesperson, Ladner Sediment Group): Thank you, John.

Good morning, ladies and gentlemen.

Mr. Chairman, thank you for this opportunity to speak today. I'm going to read directly from the submission, so please bear with the notes that you already have. Hopefully, you'll have a chance to read them.

Over the past five years, the issue of secondary channel dredging has become a significant local issue and, given the senior government's responsibilities on the Fraser River, as with the St. Lawrence River, it is also an issue of national significance. This matter has been discussed with the local port authority and representatives from several departments in your government. This brief provides information on the background to the issue and on some recent activities and then identifies the support needed to make progress in addressing the concerns.

Here's a little bit of history. The Fraser River in B.C. travels, as Mayor Jackson said, through almost three-quarters of the length of British Columbia and is a very unique river. One aspect of the river is that it runs through a major clay-bank area in the central interior of B.C., where it picks up a tremendous amount of fine clay and silt. This silt has been deposited in this delta by the Fraser River for thousands of years, and of course continues to be deposited.

The lower reach of the main channel of the river is used for heavy ocean freighter traffic that plies the river as far as New Westminster.

This area of the river needs to be constantly dredged to maintain shipping depth of water for ocean freighters.

Up to approximately 1998, the management of the lower reaches of the Fraser River was under the jurisdiction of the federal government, under the Department of Public Works and later the Department of Transport. They were the shepherds of this lower area of the Fraser River, and along with maintaining the main channel for ocean traffic, they also maintained the secondary channels for fishing vessels, tugs, and barges, and general traffic for both commercial and pleasure craft.

Through the years, as river managers, they have trained the river by placing diversions at critical locations to divert more water into the main channel at the expense of the secondary channels. The result of this increased flow in the main channel was less silt settling out in this area, which resulted in less dredging needing to be done in the main channel and a subsequent savings of millions of dollars annually.

The secondary channels are now showing the results of this water diversion training. With less flow coming through these secondary channels, they are silting up dramatically, with alarming reductions in the water depths for navigation. Where there were 20 feet of water at low tide, there are now, in many areas, only two to three feet.

The result is that the channels are becoming a hazard to navigation. Water lease-lot owners are experiencing their floating homes and vessels tied to docks going aground at low tide, at times causing damage to the structures. Commercial and residential boat owners' safety is at risk when accessing the area when there is insufficient water to navigate to their docks. And there are substantial private expenditures to keep their floating structures floating, not sitting in the mud.

The need for this type of program has never been more urgent, nor has the call to action.

The port authorities in the Vancouver area were amalgamated in early 2008 to form a new authority, Port Metro Vancouver. They have been charged with maintaining the water depths in the lower Fraser River; however, their main concern is the ocean freighter traffic in the main channel.

Port Metro Vancouver hosted a community meeting in the area last summer to discuss dredging with the stakeholders of the Ladner secondary channels. They encouraged us to form a working group—

● (0810)

The Chair: Unfortunately, Mr. Scurr, we're well over time here. Can you wrap up very briefly?

Mr. Chris Scurr: Okay. What we'd like to ask the finance committee to please bring to government is this: we badly need your help. This is getting to be a very serious and dangerous situation. I can't stress that enough. We're looking for approximately \$5 million for a one-time project to clear about half a million cubic feet of mud out of our channels to keep the channels sustainable and usable. We'd like that to be done as soon as possible, please.

Thank you.

The Chair: Thank you.

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

Mr. Al Kemp (Chief Executive Officer, Rental Owners and Managers Society of British Columbia): Good morning. Thank you for this opportunity.

My name is Al Kemp. I'm the chief executive officer of the Rental Owners and Managers Society of B.C. I'm also a past president and director of the Canadian Federation of Apartment Associations.

There is a critical dual need in British Columbia—indeed throughout Canada today—to increase rental stock and to make rental housing more affordable. Our industry, the industry that provides homes for one in three Canadians, is not looking for preferential treatment, and we're not looking for money. Perhaps that's a refreshing change from what you will hear as you go across the country. What we are looking for is simply the extension of equitable tax policies that are currently available to businesses and consumers in other industries.

To meet this dual need to increase rental stock and to make rental housing more affordable, we propose three changes to tax policies that should be incorporated into the 2010 federal budget: one, make capital gains taxes equitable with other industries; two, zero-rate the operation of rental housing for the GST and HST; and three, zero-rate the construction of rental properties for GST and HST.

While it might appear on the surface that each of these changes would be of great benefit to the owners of rental properties, in fact they would benefit renters through increased rental housing availability and affordability. I'm sure everybody would agree that those are highly significant goals, both economically and socially. Most renters are in the low- to middle-income categories, where a rent increase of only a few dollars can have a significant effect on their budget, their disposable income, and their quality of life.

In 1972 the then-federal government enacted a tax regime that continues to this day to have a negative and discriminatory impact on the residential rental industry. From 1972 to 1998, rental housing construction in Canada fell by 90%, from 50,000 units per year to only 5,000. In the succeeding decade, that level has not changed significantly.

Our industry is essentially penalized for any attempts to increase rental stock through the sale of current properties and reinvestment in new development. Because our industry is defined as a passive business, capital taxation policies that discriminate against reinvestment in rental property, as compared to any other type of property, include, but are not limited to, payment of 100% of capital gains tax on disposal of property, recapture of 100% of capital cost allowances on disposal, the inability to defer recapture of CCAs, and the unavailability to our industry of a preferential tax rate on the first \$400,000 of income.

Note that all of the above represent immediate payment of taxes by our industry as opposed to deferment of taxes by virtually every other industry. We're not asking for tax exemption.

With the application of these policies for nearly 40 years, a vicious circle has resulted. The policies have created a shortage of rental stock. This has led to illusory capital gains, which has led to a disincentive to sell and reinvest, which in turn has led to a shortage

of rental stock. Only the federal government can break this circle by changing its discriminatory tax policies.

Removing this discrimination will put billions of private dollars to work, certainly a need in these economic times. Owners will sell and reinvest, not only adding critically needed rental housing but also increasing income and sales tax revenues from the many sectors involved in multi-unit construction, ranging from architects to appraisers, equipment renters to realtors.

Turning to sales taxes, GST and HST have had and will continue to have a counterproductive effect on our industry that directly impacts rental rates. Food and shelter are essential necessities of life. In Canada food is not taxed; shelter is, indirectly.

The current 5% GST is estimated to add about \$150 to \$200 per year to a typical renter's shelter costs. With the advent of HST in British Columbia, that number increases to between \$300 and \$500 per year.

Groceries are zero-rated for GST and HST. Rental housing should be zero-rated through input tax credits identical to the provisions for suppliers of food. This would result in a minor reduction of tax revenues but have a major impact on housing affordability for renters in the lower- and middle-income brackets.

With respect to construction, it's difficult to quantify the cost to construct an apartment building today, because federal tax policies have rendered such construction economically unattractive for decades. But if we compare the average cost to construct a 900-square-foot condominium unit and a wood frame building, which would be a typical apartment building, HST would add about \$12,500 to the average \$250,000 to construct such a unit. That would translate into about \$750 of additional rent if that unit were to be rented.

● (0815)

Again, recognizing that food and shelter are both necessities of life, HST should not apply to the construction of multi-unit residential housing.

In conclusion, by implementing the above recommendations, the federal government and Parliament will provide the necessary leadership to achieve a profound positive effect on the supply of rental housing and its cost to renters. This is critically needed in these difficult economic times. New rental stock will be created and upward pressure on rents will decrease. These benefits are highly desirable for the government, for stakeholders, and for 10 million Canadian households.

Thank you.

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

We'll go to Ms. Sinclair, please.

Ms. Kay Sinclair (Regional Executive Vice-President, British Columbia, Public Service Alliance of Canada): Good morning, committee chair and members.

Bonjour tout le monde.

I'm the B.C. vice-president of the Public Service Alliance of Canada. The PSAC represents most workers in federal government departments, agencies, and crown corporations. There are approximately 165,000 PSAC members across Canada, 15,000 of which are in B.C.

I'm going to speak about the importance of a national child care program. The PSAC doesn't represent child care workers, but we think child care should be one of the top priorities of the federal government. Mainly, I'm going to read from my exciting presentation.

A significant federal commitment to develop a national child care system similar to the one currently in operation in Quebec, a universal non-profit child care system available to all children whether their mothers are employed outside the home or work full time in the home, will provide immediate economic benefits and will assist in Canada's recovery from the current economic slowdown.

Beyond the jobs that can immediately be created by employment in child care facilities, child care provides support to parents across the labour force. Many families are now facing tenuous employment, layoffs, or difficult transitions to new jobs and the associated challenge to their financial resources. Accessible and affordable child care services are critical for parents to maintain their labour force attachment and/or obtain necessary skill development to deal with employment transitions.

The early learning and child care sector is labour-intensive and involves local expenditures, so spending in this sector has a high multiplier effect. Canadian research calculates that every dollar of child care spending produces a ripple effect of \$1.58 in the local economy. Many U.S. studies have produced similar figures.

In terms of long-term gain, investing in the early years is, first and foremost, about investing in children's physical, social, emotional, and intellectual well-being, ensuring that Canada is competitive with other modern economies now and in the future.

Child care yields high economic and social returns. Depending upon how and where the research is done, studies show returns from \$2 to \$17 for every dollar spent. These returns are derived from improved school performance, reduced need for remediation in the school years, and reduction of anti-social behaviour, all resulting in mothers' labour force participation and adult productivity later.

Child care helps keep families, and women in particular, out of poverty. With access to good child care, female lone parents, most of whom are unable to pay child care user fees, are better able to seek further education, train for work, get decent jobs, and accept promotions. Two-parent families also have a chance to improve economic stability and income, particularly in times of insecure employment and stagnating wages.

In Quebec, where universal child care is available to all families, there has been a 50% drop in the rate of children living in poverty, in stark contrast to the rest of Canada, where, despite an all-party resolution in the House of Commons—in 1989, I believe—to eliminate child poverty by 2000, the national child poverty rate remains at about 10%, which is a disgrace in a wealthy country like Canada.

Child care supports women's workforce participation, education, and training. Child care is a key support for women already in the workforce and for those who want to enter it. Since Quebec's child care reform began, twice the number of married women entered the workforce than did so in the rest of Canada, providing Quebec with a substantial return in income and payroll taxes.

Child care builds local economies, since we know that a lot of these child care dollars go directly to the economy. Child care would also help us address the diminishing labour force. We've seen that in Quebec with their child care program, which is very affordable and universal and has resulted in more women being able to enter the workforce. Also, the Quebec birth rate has increased.

In terms of what we're asking for, we would ask that the federal budget include new federal transfer payments to provinces and territories specifically to provide access to quality affordable child care services based on the Quebec model, and that these payments also be made conditional, with measurable targets, to ensure that there is a system of quality, affordable, inclusive, and universal child care services in the provinces and territories.

● (0820)

The cost of a national child care program will be offset by reduced expenditures on unemployment benefits, poverty reduction programs, health care, education, and policing costs.

The current system....

Is my time up?

The Chair: Pretty much, but maybe you could just wrap up.

Ms. Kay Sinclair: I'll wrap up.

Tax breaks and subsidies don't provide spaces for shift workers for toddlers' before- and after-school care. We actually need a concerted, accessible, and affordable program to build the spaces, which would provide some construction jobs for men, but more importantly, I would say, would provide jobs for women in this economic recovery period and going forward.

Again, we think a national child care program is essential to the social and economic well-being of families and communities and also essential to women's equality in terms of women's full participation in this society.

Thank you.

● (0825)

The Chair: Thank you very much for your presentation.

We'll now go to the Village of Tahsis, please.

Mrs. Corrine Dahling (Mayor, Village of Tahsis): *Bonjour.*

I am the mayor of Tahsis. Councillor Schooner is with me. Tahsis is located on the north end of Vancouver Island and is very beautiful. Come visit us.

I'm going to be speaking to you about RCMP funding and about a little bit of the history as well.

First, we would like to thank you for this opportunity to present to you, the Standing Committee on Finance. We would respectfully request that the committee consider our recommendation as part of the budget preparation process, as this affects not only our rural village of Tahsis but all small communities across Canada.

In January 2005 the funding for 215 additional RCMP officers was added by the British Columbia government. Of those 215 officers, 80 were targeted for rural communities and general policing across British Columbia. It was the biggest investment in the RCMP by the provincial government in over 20 years.

In June 2006 the RCMP made it mandatory for two officers to respond to calls whenever there is a threat of violence. Also, what the RCMP call "hubbing" began to take place: closing small, two-person outposts and redeploying staff to bolster other detachments.

Also in June of 2006, RCMP Deputy Commissioner Bill Sweeney stated in an interview with the CBC that any changes involving increased funding would require consultation with territorial and provincial governments, which pay 70% of the cost of RCMP services in small rural communities and remote areas. "All jurisdictions where we are involved in rural policing will encounter challenges around the provisions of backup," he said.

He also stated:

It could very well be that there will be negotiations with territories and provinces with respect to increased resources. We can't ignore the fact that some jurisdictions will be affected more than others.

This year the RCMP are removing all police officers from communities of less than 5,000 that have a single member stationed in them. Increased funding is desperately required to facilitate RCMP to protect citizens residing in rural communities. Since it is unsafe to have one-member stations, the required need is for two-member stations.

The federal service plan states that the Ministry of Public Safety and Solicitor General works to maintain and enhance public safety in every community across the province. It is not possible for this service to be implemented if the funding is not available for the RCMP to implement it. Therefore, the Village of Tahsis respectfully requests that the Standing Committee on Finance add additional funding to the RCMP budget and that the funding be targeted for increased policing in rural communities.

Once again, the Village of Tahsis thanks you for this opportunity to present our recommendations.

The Chair: Thank you very much, Mayor Dahling.

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

Mr. Ian Bird (Senior Leader, Sport Matters Group): Thank you, Mr. Chairman.

I'm not going to speak to the brief. You have the brief, so you've seen what's there. I'll just highlight a few key points.

I'm with the Sport Matters Group. We've been in front of the committee for the past nine years, but typically on Parliament Hill. It particularly pleases me to be here in Vancouver, given that this is the Olympic and Paralympic city. It's a place that leads the country in sport participation and sport volunteering, so I think it's appropriate that we're here today providing some remarks. I would add that it's also my home. I live in Chelsea, on the Quebec side, and work in Ottawa, but I spent about 15 years training here with Canada's national field hockey team and went on to compete for our country in two Olympic Games.

Not long ago, I think Thérèse Brisson, from the other hockey—ice hockey—was in front of you in Ottawa. You would have heard quite an animated presentation about the importance of supporting sport, so I won't repeat Madame Brisson's remarks. But I will pick up on them in our recommendations.

I would also add, just before I move to the policy recommendations, a thank you to the committee. In the last two years I think this committee has provided sage advice to the Minister of Finance, and in both cases action has resulted. There has been increased investment in the Own the Podium program, and those watching our Olympic and Paralympic results from this past winter will know that Canada now leads the world. In the Beijing games you'll see a best-ever finish at 13th place. So support for that budget provision is leading to real results.

The second thing is that the infrastructure stimulus measures that were introduced in the most recent budget are also having a profound effect. It's been 40 years since the centennial year, when we renewed our infrastructure in communities. We're talking about the memorial rinks, the centennial pools, and such. We now estimate through our policy analysis that there will be over \$3 billion of new capital invested by federal, provincial, and territorial governments, along with community partners—a number of the municipalities that are here today and a number of local community not-for-profit and charitable groups. So thank you to the committee for the support of those recommendations.

Now we need to look at three things—a three-legged stool—for the coming decade. First we need to bridge the gap in our national sport program. It requires a \$22 million investment because of the economic downturn. Canada's corporate sector is not able to participate at the level we anticipated, given the downturn, and we are respectfully asking the government to help us bridge that gap. It's an interim measure that will help us get past the impact of the recession in 2010-11. The details of what the \$22 million will be put toward and will achieve for the country are itemized in the brief, as they are in the Canadian Olympic Committee's brief and the Own the Podium brief itself.

The other two legs of the stool relate to the Income Tax Act. The fiscal policy of the Income Tax Act is something that's rarely looked at to support the sport or social policy that the Government of Canada, Sport Canada, spends its time on. There are two simple changes to the Income Tax Act that would greatly enhance community and individual participation in sport.

First is to modernize the act so that amateur community sport becomes charitable. For example, Mr. Dechert, a minor hockey team in Erindale that seeks to have a fundraiser and issue charitable receipts is not able to do so. It's somewhat incongruent with the fact that a local arts group can do that. So modernizing the act and making amateur sport at the community level charitable will help communities help one another to increase sport participation and all the benefits that come from that.

The second change to the Income Tax Act is to amend the children's fitness tax credit so it is fully refundable. It's currently a non-refundable tax credit. There's a group of Canadians who are just below the taxpaying line who are not benefiting from that credit. As you can imagine, this is when we need to support those families so they can receive the benefits and take the steps to register their children in soccer, hockey, skating, or swimming programs, and such.

• (0830)

So we suggest a three-legged stool, the first priority being a \$22 million stimulus investment, and then two changes to the Income Tax Act to make amateur sport charitable and the children's fitness tax credit fully refundable.

Thank you.

The Chair: Thank you for your presentation.

We're now going to go back to First Call: B.C. Child and Youth Advocacy Coalition. You have up to five minutes for an opening statement, and then we'll go to questions from members.

Mrs. Adrienne Montani (Provincial Co-ordinator, First Call: B.C. Child and Youth Advocacy Coalition): Thank you very much.

I'm Adrienne Montani with First Call: B.C. Child and Youth Advocacy Coalition. With me is Julie Norton, our chairperson.

I want to thank you for the opportunity to speak with you today. I'll explain our name first. First Call means that we think children and youth should have first call on society's resources. It's very simple, because they have the right to it and because they're our future, of course.

In our brief that we submitted earlier, we said that children are the best investment for a sustainable future. It's not just a nice slogan, but actually very true and is backed up by stacks of research. We have made commitments to children that we're not honouring. I refer here to the all-party pledge in 1989 to end child poverty in this country by the year 2000. We obviously missed that deadline. We also signed the UN Convention on the Rights of the Child shortly thereafter, but there are lots of children's rights we have not upheld.

Based on these commitments we've made and have not completely fulfilled, and on the research that we stand upon on

the issues of child development and the harm that poverty does to children, we have an over-arching message to you that children are our most sustainable resource and that we should be investing in them in this next budget—and certainly in a recessionary time.

In our written submission you'll see two major recommendations. We've tried to lump them together. The best thing this budget could do would be to make a strong investment in early childhood development. That would be the first thing. Our second recommendation would be to reverse the growing trend in income inequality in this country. Both would accomplish something in improving children's health and well-being. They are social determinants of health that we need to pay attention to if we want to improve outcomes for children in this country.

Canada's current claims of investing heavily in early childhood development are challenged by the actual data and the results we are achieving. We are regularly lambasted in the international research by the OECD, UNICEF, and Save the Children. In repeated international comparative rankings with other developed countries, we rank at the bottom in our investment in early childhood development and our support for young children and families.

Here in B.C. we have research that shows that about one-third of the children arriving at kindergarten are vulnerable in terms of one or more developmental indexes, meaning they're vulnerable to poor outcomes as they grow up.

Meanwhile, the research evidence is extremely strong—and some of it was cited earlier—on the importance of early brain development and the extremely high economic and social return on investment in early childhood development.

The largest chunk of funds the current government puts toward early childhood development is for the universal child care benefit, which we would argue is a fine income transfer for low-income families. It's fine to give low-income families money, but this benefit does absolutely nothing to increase the number of child care spaces in this country or to increase their quality or accessibility. So we think this needs to be re-examined. Call it an income transfer, but don't call it a child care benefit, because that's not the way it works.

So based on this information, and in line with some of the previous speakers, we are suggesting that we make a substantial and significant investment in increased transfer payments to provinces and territories to create a system of child care that actually increases spaces and the accessibility and affordability of child care, very much like the Quebec system. We need federal transfers to do that. This is important not only for children's development, but also for women's equality and women's attachment to the workforce—and even their ability to go back to school so they can become more employable. In this country, only about 17% of children under 12 have access to child care space. So it's impeding our economy in that way.

The budget should also enhance the current federal investments in programs with good track records, such as CAPC, the community action program for children; the Canada prenatal nutrition program; and aboriginal head start. If you remember Kellie Leitch's report, she recommended that 25% of aboriginal children be given access within five years. We think that's an abysmally low target; it should be 100% of aboriginal children who have access to that.

Our second overarching recommendation is to look at the growth of income inequality in this country. The recent Conference Board of Canada report card says that poverty is the chief challenge facing this country. We have an abysmally high poverty rate, and it has not gone down very much since 1989.

● (0835)

In our brief last year we called for a comprehensive legislated commitment, with timelines and targets, for a poverty reduction plan in this country. We call for it again this year.

But this year we particularly want to draw your attention to income inequality and how it needs to change. Families are working as hard as they can. They are working extra hours to make up the difference in their stagnating wages. Most of the tax cuts made and those kinds of changes have benefited those who already have the most and are doing very well. Those in the middle class and the lower income bracket are working harder. So you have women working two jobs, single parents working two jobs, having no time for their children, just to keep up.

The policy levers that we'd ask you to look at or recommend to government are to increase the child tax benefit; increase eligibility for EI benefits, especially for women, because they're way underrepresented, so increase access to EI and the level of benefits; look at youth-at-risk employment programs and continue to invest in those; increase social housing investments to restore some of that federal funding; make post-secondary education accessible in this country to those with financial barriers; and again, invest heavily in early childhood development.

I want to sum up by saying tax cuts don't help low-income families very much, because that shrinks our government capacity to care for each other. That's really important, and we've lost that capacity.

● (0840)

The Chair: Thank you, Ms. Montani.

We'll go to questions now from members.

Mr. McCallum, you have seven minutes, please.

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

Welcome to all of you, and thank you all very much for joining us this morning.

Having spent four happy years teaching economics at Simon Fraser University, admittedly some years ago, I'm always pleased to get the opportunity to return here and see friends, relatives, and in-laws, although I don't think we'll have much time today.

Anyway, I'm delighted to be here. Thank you for joining us. I have just a few questions.

Ms. Jackson, can you give us a little bit of history? Try to be brief, please, because I want to ask many people....

Mrs. Lois E. Jackson: Yes, I will.

Hon. John McCallum: You talk about reinstating dredging in the Fraser River. Does that mean it used to happen regularly and they took it away?

Mrs. Lois E. Jackson: That's correct.

For a hundred years the side channels were dredged. Originally, I believe, it was through the federal government, then it went to Fisheries, and then it went to others—ports, etc. Ten years ago, that was concluded. So for 10 years we have had no federal assistance in terms of the side channels being dredged to keep the silts at bay, with huge economic impacts—huge economic and people impacts for those living on the river.

Hon. John McCallum: Thank you very much.

Mr. Kemp, I thought you made a very strong case for the rental sector on the subject of the HST. I'll leave it to my Conservative colleagues to react to your comments on their tax, but I'd just like to say how much I agree that you make a strong case on the capital gains issue.

I remember last year, and even the year before, getting a similar submission about how there would be a very strong case for allowing deferral if an owner of a rental property sells to buy a new rental property. It seems to me that makes a lot of sense. I remember one point coming out of the earlier submissions was that the people who would gain are not principally very high-income people. A lot of the owners of smallish rental properties are middle-income, ordinary kinds of folk. Is that also your opinion?

Mr. Al Kemp: That's definitely true.

We have about 2,100 members throughout British Columbia, and about 75% of them hold fewer than five units. Those are often fourplexes, duplexes, and so on. The large 57-storey buildings that you see house the majority of renters, they provide the majority of rental units, but they certainly are not owned by the majority of landlords.

In simple terms, in response to Mr. McCallum's question, about 75% of landlords have small buildings.

Hon. John McCallum: Thank you.

I'd now like to turn to Ian Bird. I totally agree with you that when you get a fitness tax credit, it should be refundable. Not every Canadian knows what that means. If you get a tax credit and it's not refundable, it means that if your income is not high enough to pay tax, you don't get any benefit. In other words, the lower-income people, who need it more than anybody, get nothing unless it's refundable. So I totally agree with that point.

On the \$22 million, this is programming that will lapse. Can you tell us briefly what would be the consequence of not doing that \$22 million?

• (0845)

Mr. Ian Bird: Yes. The current program would be reduced by 35%, Mr. McCallum. These are existing resources that will lapse. There are three different buckets assigned in three different budgets. We're asking the government to extend those investments in the coming year.

Hon. John McCallum: What sorts of things do they pay for?

Mr. Ian Bird: It's our national sport program. You'll have read about Own the Podium, which supports our athletes and our coaches in their preparation for their activities on the international stage.

Hon. John McCallum: So it's really just continuing what we've been doing at the existing levels.

Mr. Ian Bird: That's correct.

Hon. John McCallum: Okay.

I think I'm running out of time here.

I'll just say to Ms. Montani and Ms. Sinclair that I don't think I have time to ask you questions, but we are on the record as a party that is absolutely committed to early child care.

The Chair: You have over two minutes, Mr. McCallum.

Hon. John McCallum: I have two minutes?

Well, then, maybe I will ask you a question, Ms. Sinclair or Ms. Montani, either one of you.

In the previous election we were committed to a national system of early learning and child care; we will be in the next election as well, whenever it will be. The alternative before us seems to be this \$100 a month. We would retain that, but what do you think of that kind of approach as an alternative to the kind of thing that we want to do, which is national early learning and child care?

Mrs. Adrienne Montani: Are you directing the question to me?

Hon. John McCallum: To either of you.

Mrs. Adrienne Montani: Okay.

We would argue that when we look at child poverty statistics, it looks like the UCCB transfer is having some impact. As an anti-poverty measure, that's fine; just don't call it a universal child care benefit, because people are spending it on anything but child care, in some cases. It's certainly not enough to buy or create more spaces or lower the costs of child care for families, so it's really not accomplishing its stated objective.

As to a revived family benefit or income transfer for families with children, we always welcome that.

Ms. Kay Sinclair: With regard to the \$100 a month, I believe it has a cost to the government of \$2.5 billion, which is a significant cost. I agree with Adrienne that it does nothing to build you a child care system, to create spaces for toddlers of shift workers or for any number of needs within a child care system that should exist.

I would suggest that it should be converted, and those funds, those significant funds, should be transferred over to a national child care system and go toward transfer payments, with conditions attached, to provinces and territories.

Hon. John McCallum: Actually, our position is closer to what Ms. Montani said. We think the program is fine, but it shouldn't be masqueraded as what it isn't, and that's child care. We would retain it and also work on the universal child care program.

Thank you very much.

The Chair: Thank you, Mr. McCallum.

We'll go to Monsieur Laforest.

[*Translation*]

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

Good morning to all the witnesses. It is a pleasure to be here with you in Vancouver.

I want to start with a question for Ms. Sinclair. You gave a great presentation, very interesting. A representative of the Public Service Alliance of Canada, you stressed the importance of childcare. You also pointed out the economic and tax advantages of a universal program. And you talked about the advantages for children, but not as much as I would have liked, seeing as that is perhaps the biggest advantage.

Obviously, when we invest in services for children, it opens up a lot of possibilities for families where parents may not have been able to work. But it is still very important for children themselves in terms of socializing and acquiring skills, not to question, of course, the ability of parents to help their children learn better. The fact that daycare centres are well structured is extremely important.

Do you have any studies on the importance of daycare to children as it relates to learning?

• (0850)

[*English*]

Ms. Kay Sinclair: *Merci.*

A universal affordable child care system is basic to women's equality in Canada or in any society. Women, as we know, are the main caregivers for children and other members of the family. We also know that lack of child care is a barrier to women either entering the workforce or having full-time employment, or entering the workforce and being able to have full-time employment if they so choose.

I do think that child care should be universal whether one is working outside of the home or not or working for pay. I think it should be available to children of women who work in the community or who work and don't receive any pay. I think that would increase women's participation in economic, social employment, and political spheres in Canada.

I'll just say one last thing. You well know as committee members in the House of Commons that less than 25% of the MPs are women. I would suggest to you that child and family care would be a major factor in that statistic, which is a shameful one.

[*Translation*]

Mr. Jean-Yves Laforest: Ms. Montani, I listened to both you and Ms. Sinclair. I think that your presentations and your requests for the Department of Finance are along the same lines, to a certain extent. In addition, both of you cited the example of Quebec's universal childcare program. Quebec made its decision without necessarily waiting to have the federal transfer payments. You are not the first to refer to Quebec's example. It has allowed more women to join the workforce and more children to receive adequate services early on, especially in terms of development.

As a member of my party, the Bloc Québécois, I completely agree with what you are asking for. But we believe that if the federal government agrees to make transfer payments, Quebec should also get some given that it has already made commitments. I am very glad to know that we made this decision and that, as a result, we are being touted as an example by many. A lot of people are saying that Quebec made the right decision, as much for women and children as for the job market. I would also add for the economy. In this respect, that testimony was along the same lines as yours.

The way I see it, it is extremely important that all politicians be very familiar with this issue. I was listening to Ms. Dahling earlier, talking about her small municipality, which has a pretty serious crime problem. I think that the measures you are proposing have to do with prevention. Of course, in the very short term, they do not involve the police fighting crime, but when we invest in this area, we invest in prevention.

Do you agree, Ms. Dahling?

[*English*]

The Chair: Ms. Dahling, there's about a minute left.

Mrs. Corrine Dahling: Thank you.

We live in a very small community. Most of these communities have less than 5,000 people and don't usually have very many children, but if we did have universal day care, it would also help with the policing issues.

The Chair: Ms. Montani.

Mrs. Adrienne Montani: I just wanted to also thank Quebec. We use the Quebec example a lot.

We also thank you for your legislated anti-poverty act that you've passed.

● (0855)

[*Translation*]

The Chair: You have 30 seconds left.

Mr. Jean-Yves Laforest: I am not trying to say that it is a one-size-fits-all solution. But when it comes to small municipalities with less than 5,000 inhabitants such as Tahsis, I do not think they struggle with crime as much in Quebec, for a variety of reasons. It is due, in part, to this system, which, in rural communities, takes care of children and allows women to work a lot more.

[*English*]

The Chair: Thank you, Mr. Laforest.

We'll go to Mr. Cannan. You have seven minutes.

Mr. Ron Cannan (Kelowna—Lake Country, CPC): Thank you, Mr. Chair.

Thank you to our guests. As the member of Parliament for Kelowna—Lake Country in British Columbia, it's great to be here and to have your voices heard in our province.

It is good to see Mayor Jackson again. We had a chance to meet with metro Vancouver mayors last year, and it was very good to hear the news, with Premier Campbell and our federal government, in partnership with the infrastructure money, having that money flowing. It is very timely seeing as the Union of British Columbia Municipalities conference is taking place in Vancouver this week. I note the fact that it is very timely and very important to get those dollars flowing for infrastructure projects throughout the province.

Specifically with regard to your concerns with flood protection and dredging, Mayor Jackson, I just want to know if metro Vancouver has taken a position for the whole Fraser, or are you just looking specifically today on behalf of the Ladner area?

Mrs. Lois E. Jackson: If I could be so bold, sir, as chair of the metro Vancouver board, we oversee about 2.5 million people in the lower mainland. As you can see from the map—and it goes only a little north of Pitt Meadows—this entire area is subject to flooding. As the silt continues to come down every year, you can appreciate that we have a diking system that is very formidable in this entire area. The diking system that was put in place with the help of the provincial government some 15 to 20 years ago with the Fraser River flood control program could be in jeopardy in some areas, because if you have a dike that is at this level and the bottom of the river used to be at this level and it continues to rise with the silt, at some point in time you can actually see the bottom of the river surpassing the height geodetically of your diking system. It is a very important point to be made, particularly when last year and the year before the mighty Fraser was very close to overflowing its banks, and that would be an absolute disaster for the entire lower mainland.

We believe in prevention, but as you know, local government only receives 8¢ of every tax dollar collected in this country. The federal government gets, I believe, 48¢ and the province gets 42¢. The local government cannot, nor can the metro government, take on the responsibility solely on the back of the property tax, where so many people, obviously, are looking after all of the functions, from policing, to engineering, to parks and recreation, and all of those facilities that are needed at the lower government.

So we are turning to the federal government in order to continue on with metro Vancouver's major problem in terms of the silting up. As you can see, the lines go right off the page. We're going right up, basically, to the town of Hope, through Kent and Harrison and so on. Chilliwack is another area very vulnerable to siltation.

I'm sorry I'm giving such a long answer, but it certainly is a question and a problem for the entire lower Fraser.

Mr. Ron Cannan: I think it's very important to clarify that. I spent nine years in local government and a couple of years in the Union of British Columbia Municipalities, so I am well aware of when this downloading was passed from the federal government to the local government. I have discussed this challenge with my colleagues, specifically the MP in Delta, John Cummins, and how some of the port authorities have said they're not responsible for some of this dredging. A couple of years ago, when there was a real crisis with flood protection, we put tens of millions of dollars into dredging. Is that correct?

Mrs. Lois E. Jackson: Yes. I believe that was the main channel.
● (0900)

Mr. Ron Cannan: We continue to work with local governments and the ports, but is part of the problem that the ports are saying it's not their responsibility?

Mrs. Lois E. Jackson: Yes, that is what we feel. With all due respect to the new port authority for metro Vancouver, I think they feel that their focus is the navigational deep-sea shipping channel, but the side channels that have been traditionally cared for by the other port authorities are not being tended to. It really has to be focused on. If it's the port authority in terms of long-term, sustainable funding to keep all the channels clear, certainly we would welcome that. If it comes from the federal budget, we would welcome that.

As you can see in our notes, there was also a comparative made in terms of the St. Lawrence Seaway, which doesn't need to be dredged from the bottom, but the icebreaker situation during the winter is a very good example of another Canadian city that has to have access to the waters, the navigational areas, the side channels, for major economic regions, and transportation of goods, services, and people.

As you can see in our notes once again, there is set aside an annual budget of \$6.9 million through the federal government, for which we thank them. However, 80% of that is diverted to the St. Lawrence Seaway, which leaves a very small portion to be used in other areas of the country.

We're looking at the west coast in a similar fashion as needing some major help, and being able to identify the \$5 million to remove the silt at this point, but the ongoing, sustainable funding is very critical to us.

Again, I apologize for my long answer.

Mr. Ron Cannan: Thank you. I know some of those announcements last Thursday will help some of the communities along the way, and we'll continue to work with you.

With regard to Ms. Sinclair and the Public Service Alliance of Canada—

The Chair: You have about 20 seconds.

Mr. Ron Cannan: —I just want to thank you for your work. I've worked with Dr. Clyde Hertzman, and I'm very familiar with the aspect of the importance of investing in children, as a grandfather of a two-and-a-half-year-old, and the malleability of the brain. So I appreciate your efforts there, and we continue to work with that.

The HST was actually introduced by Paul Martin and the Liberals. We're using the same formula for the provinces that adopt the HST throughout the country.

I just want to make sure the record states the fact that we don't have any say about the threshold. I've worked with the Canadian Home Builders Association in our province, and I am hoping the province will listen to them. They met recently and continue to—

The Chair: I'll leave that as a statement. Thank you, Mr. Cannan.

We'll go to Mr. Julian for seven minutes, please.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Thank you very much, Chair. I welcome members of Parliament here to the lower mainland.

These consultations are so important that we actually have two members of Parliament here, myself and Mr. Davies. He's just there temporarily.

An hon. member: There's a new coalition in Ottawa.

Mr. Peter Julian: So, Mr. Chair, through you, I'd like to ask for unanimous consent, for the hearings held today, that I split my time with Mr. Davies.

The Chair: Does Mr. Julian have unanimous consent?

Some hon. members: Agreed.

The Chair: Okay.

Mr. Peter Julian: Thank you very much, Mr. Chair. Given that we're in a friendly environment, I'll just take the opportunity to give a friendly reminder to Mr. McCallum that he actually voted for the provisions of the HST that the Conservatives have brought forward and have caused, I think it's fair to say, a lot of concern in British Columbia. Here it's known as the Liberal-Conservative HST.

I'd like to start with you, Mr. Kemp, on the issue of the HST. Most indications have shown about a \$500 penalty. This is a tax shift, so big business gets tax cuts, but the ordinary British Columbian will end up paying about \$500 in additional taxes through this HST. You're suggesting today that, for the average rental unit, it would drive up the cost of construction of that unit by about \$12,500. You refer to project viability in terms of increasing the annual rent required by \$750 or more.

Just to be clear on that, you're suggesting that the average rent would go up for new units for renters by about \$750. Is that correct?

Mr. Al Kemp: It's correct in theory. In practice, it's not, because British Columbia also has rent controls and it would not be possible to pass that through. I didn't raise that issue at all, because it's a provincial issue. We face a double restriction on our industry, where the government is increasing taxes—HST being a prime example in British Columbia—and the same government says you can't increase your prices. We're literally a unique industry in that respect, in that the landlord must find a way of absorbing the additional costs because he can't increase rents by more than 3.2% in 2010.

• (0905)

Mr. Peter Julian: So what you're suggesting is that those new rental units just will not be built.

Mr. Al Kemp: Well, new rental units will not be built primarily because of the federal tax policies that essentially say—I'm off my notes now—that if you want to build an apartment building, you must be stupid.

Mr. Peter Julian: Okay. Thank you for that.

I'll move on, because I only have three minutes.

Ms. Montani and Ms. Sinclair, you were very eloquent on the issue of child poverty.

We've seen over the last 20 years figures even more shocking than those you've cited, Ms. Montani. Most families have actually seen a reduction in real income, ranging from 5% to 15%. So most Canadian families—about two-thirds of Canadian families—are earning less now than they were 20 years ago; appalling but true.

You're suggesting that for an investment of \$5 billion per year we could achieve a reduction of nearly 40% in the after-tax child poverty rate?

Mrs. Adrienne Montani: Yes, \$5 billion per year would give us a child care system, and that would....

Are you talking about the Canada child tax benefit increase?

Mr. Peter Julian: Yes.

Mrs. Adrienne Montani: Then absolutely. It has already reduced child poverty. I don't have the statistic in my head, but it is measurable.

If we increase that, it will definitely lower the child poverty rate in this country.

Mr. Peter Julian: Dramatically.

Mrs. Adrienne Montani: Very dramatically. It's a very direct way to do it.

Mrs. Julie Norton (Provincial Chair, First Call: B.C. Child and Youth Advocacy Coalition): I would add, too, that there's a multiplier effect in terms of the economic aspect. I think this was mentioned by Ms. Sinclair. When you pay those kinds of wages, all the research shows that when funding goes primarily to women—they're the ones who work in the child care sector, for the most part—they tend to spend their income on their families and in local environments. That money stays in a community.

So when the federal government is talking about stimulus packages, this would be a huge economic stimulus and would have a great economic impact. Quite frankly, most of the other stimulus projects are going to able-bodied white men. A lot of women are not going to ever see that except coming through the door in somebody else's paycheque. Women are 50% of the citizens of Canada, give or take a few percentages. We deserve access to that. And children, who do not vote, need to be taken seriously around stimulus and around care.

Mr. Peter Julian: Thank you for that.

I have a final question before I turn things over to Mr. Davies.

The Chair: You have about two minutes.

Mr. Peter Julian: Ms. Jackson, has the City of Delta done an economic impact study or a community impact study on the fact that we're not dredging?

Mrs. Lois E. Jackson: I don't have the figures at hand, sir. We have undertaken to "clean up", as we'll call it, the Ladner harbour, our fishing harbour, this past year. It has been very expensive. We did undertake to take out the old barges, take out the sunken vessels, and take out any hazardous materials that have gone to the bottom of the harbour.

I think, however, that's about as far as local government can really go. We toyed with the idea of looking for some funding from the government under the grants program, but we cannot continue to sustain that from a local government level. We simply don't have the dollars.

Incidentally, I really do want to thank the federal government on behalf of all the local governments in Canada that have received infrastructure funds. It is a huge boost to all of us. In particular, I want to thank those who made it happen.

Mr. Peter Julian: I'm going to pass things over to Mr. Davies.

The Chair: You have about one minute, Mr. Davies.

Mr. Don Davies (Vancouver Kingsway, NDP): It takes me one minute to clear my throat, Mr. Chairman.

Welcome to Vancouver. I think I'm the only MP here from Vancouver, so I want to thank all of you for taking the time to come and talk to us.

I'll have to be brief.

To Mayor Dahling, you say in your brief that the public safety ministry policy is to “maintain and enhance public safety in every community across the province”, but that it is “not possible for this service plan to be implemented if the funding is not available for the RCMP to implement it”. You point out that the RCMP are “removing all police officers from communities of less than 5,000 that have a single member stationed in them”, and you say that funding is “desperately required to facilitate RCMP to protect citizens”.

Can you maybe enlighten us on what specifically you think will be the consequences in your community if this policy of removing RCMP officers is implemented?

• (0910)

Mrs. Corrine Dahling: Our community is an hour and a half away from the closest RCMP station if they take that away. We also have another community that we can get to by boat where they've done this already. Their crime rate has gone way up. We're afraid that because there's nothing there, businesses will end up paying higher insurance costs, since people will know that it's an hour and a half before the RCMP will be able to get to them. We have drug issues that will become bigger. Those are the things we worry about. I know that some small communities are closer to bigger cities, but ours is an hour and a half away by a dirt road—it also has to do with conditions as to how they get there.

The Chair: Thank you.

Thank you, Mr. Davies and Mr. Julian.

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

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

I thank the witnesses for appearing. It's always fun to be out here in the west listening to different points of view. It's a struggle for us because we have various briefs and issues that we have to discuss and our time is limited. Please bear with us. And we try not to be partisan, but it's in our blood.

Having said that, Ms. Montani, in your brief you talk more about child development than you talk about child care. This government seems to be hard-headed in terms of understanding what early childhood development means and what child care provides to families. They've decided that \$100 a month for parents with children under six is the answer and solution to all. They don't seem to understand that there's anything else.

In your brief you talk about early childhood development and you put a different spin on it. Can you perhaps put in simpler terms what we need early childhood development for so that we don't necessarily have to call it child care? Is there a difference?

Mrs. Adrienne Montani: On early childhood development, young children require quality learning environments, care environments, and they are the same when you're young because early childhood education is in fact play-based if it's done well.

Mr. Massimo Pacetti: What age would that start at?

Mrs. Adrienne Montani: That would start at age three, but child care should be available early. There's infant child care so that

families can work. If we can expand maternity and paternity leave, it would also be beneficial.

Mr. Massimo Pacetti: You could get it at home, correct?

Mrs. Adrienne Montani: Child care at home is one way to do it. There are many different models.

Mr. Massimo Pacetti: When the parents are not home and there's nobody at home to supervise them, it would be nice if they had access to child care.

Mrs. Adrienne Montani: Access to quality care, because often kids are left with a neighbour. If we don't have regulated quality child care spaces, what happens is that people leave their children with neighbours or they leave them at home. They need to work. We hear stories of people leaving food on heating vents to warm up because they're working their second shift in the hospital.

Mr. Massimo Pacetti: You're not the only one who's heard those stories.

I don't mean to cut you off, but I only have five minutes.

Mrs. Adrienne Montani: Yes, but it's very important.

Mr. Massimo Pacetti: I want to talk about sports and children.

Mr. Bird, your association has done a lot of work. I'm not sure who you represent in global terms, but I'm interested in terms of the sporting environment. There are never enough sporting facilities no matter where you go, whether it's the regions or big government centres. There's always a problem with not enough parks or not enough skating rinks. There's a lot of money being spent, especially in Quebec now with the Quebec government providing money for sporting facilities as well. There just doesn't seem to be enough.

The problem is at the grassroots. Sports are becoming more exclusive instead of inclusive. I'm finding that if your child is not a super elite athlete by the age of 8 or 9—and I'm going through that with my kids right now—then there's no future. When we need the kids to participate at the ages of 14, 15, 16, there's nowhere for them to go. I understand that we have to promote Olympic athletes and we want to promote excellence. What's your take on that? I'm seeing a contradictory thing going on in society today.

Mr. Ian Bird: My first take is that I have an eight-year-old playing in the Pontiac, so we'll be down to Montreal at some point and take you on.

There are really three things that drive community participation.

One is the capital requirement, and in 2005 numbers there is a \$15 billion infrastructure deficit in the country. We know that over the next 18 months, if fully implemented, there'll be \$3 billion addressed. What you're experiencing is the \$12 billion gap.

The second determinant is the quality of the sport experience. There's significant work...led by leaders from Quebec and British Columbia, called the Canadian Sport for Life model. This is now three or four years under way. Its full purpose, adopted by federal-provincial-territorial governments, is to shift the sports system from an exclusive model to an inclusive model. That's the driver. This needs to be implemented.

The third thing is community capacity, and we've brought two ideas forward here today. One is to modernize the Income Tax Act so that amateur community sport is indeed charitable. This will help—

• (0915)

Mr. Massimo Pacetti: I understand amateur sport, and I don't think we have an argument. The problem is what I've seen in minor league hockey. I'm a coach in minor league hockey and minor league soccer, and if the kids are not playing elite the parents don't take the initiative. The big clubs find a way to raise money, but the less-skilled teams have a very difficult time. If you don't have an energetic coach or manager who takes the initiative, or one or two parents—it doesn't take a whole team—there seems to be a problem.

Mr. Ian Bird: This is exactly why the Canadian Sport for Life model needs to be implemented, and hence the need for the investment.

Mr. Massimo Pacetti: Thank you.

Thank you, Mr. Chairman.

The Chair: Thank you, Mr. Pacetti.

We'll go to Monsieur Laforest.

[Translation]

Mr. Jean-Yves Laforest: Thank you, Mr. Chair.

Mr. Bird, you are suggesting that amateur sport be considered a charitable activity. I would like to hear what you consider amateur sport. Are we talking all amateur sport or just competitive amateur sport?

I think that if an amateur sport is administered by an organization, that sport can be played by anyone, for example, a five-year-old boy learning to skate. Is your definition as broad as mine?

[English]

Mr. Ian Bird: The short answer is yes. There are some 34,000 community-based amateur sport organizations offering the full range of recreational programs for children and youth. They are currently not-for-profit organizations and are not covered by the charitable provisions of the Income Tax Act.

[Translation]

Mr. Jean-Yves Laforest: Your suggestion is interesting. But we have talked a lot about poverty among youth and young families, so I wonder if such a measure might favour a certain elite group rather than allow more disadvantaged children to play sports. It makes me wonder.

[English]

Mr. Ian Bird: It's quite the opposite. Three or four years ago the Blair government modernized their charitable act and included environmental organizations, amateur sport organizations, and arts organizations. Arts are already included here in Canada. Their

purpose in doing that was to create exactly the opportunities you describe so that community-minded individuals could donate to local not-for-profit sport clubs and associations and support the full inclusion of young people in their sport programs.

So the driving force is to increase the inclusion and accessibility of sport in our communities, not just because sport is a good thing—I think it provides certain outlets for young people—but because it helps to generate the related social and economic benefits that people fully appreciate in their communities.

[Translation]

Mr. Jean-Yves Laforest: Thank you. I would like to give some time to my colleague, Mr. Julian.

Mr. Peter Julian: You are very kind, Mr. Laforest.

[English]

I have two quick questions to follow up with Ms. Sinclair.

You're very eloquent on the child care issue. We have about \$120 billion in corporate tax cuts that have been basically shovelled off the back of a truck. How much do you estimate it would cost to put in place fully funded child care across the country? Do you believe that should be a priority rather than the corporate tax cuts?

Ms. Kay Sinclair: I don't generally agree with tax cuts. I don't think they help build our society. I think you could have a good system with perhaps \$4 billion to \$6 billion over the next four to five years—I don't know; maybe it would be less than that.

Let me defer to Adrienne on that.

• (0920)

The Chair: There's about one minute left.

Mrs. Adrienne Montani: I'm not a really good numbers person, but I think about a \$3 billion investment annually is what we're looking for to build a universal child care system.

Mr. Peter Julian: So that's \$3 billion plus \$5 billion for the Canadian child tax credit benefit. You're essentially talking about \$8 billion to lift a lot of families out of poverty and put a lot of kids in much better quality-of-life situations, as opposed to \$120 billion in corporate tax cuts over a number of years.

Mrs. Adrienne Montani: And it will pay off in the long term; eventually a bunch of other costs will fall off the table.

[Translation]

Mr. Jean-Yves Laforest: And it creates jobs.

Mr. Peter Julian: It also creates jobs, as Mr. Laforest just pointed out.

[English]

My last question is a quick question for Mr. Bird. I have a lot of lower-income families in my particular riding. What would be the cost of making the children's fitness tax credit fully refundable? What would be the cost of doing that and making it accessible to low-income families?

Mr. Ian Bird: We don't yet have access to the numbers related to the current implementation of the tax credit, but there has been some analysis and it's a very modest cost. It would cost less than \$15 million to include that group in the program.

The Chair: Thank you. *Merci.*

We go to Mr. Kramp for a five-minute round.

Mr. Daryl Kramp (Prince Edward—Hastings, CPC): Thank you, Mr. Chair, and welcome to all. I'm certainly glad you are here and giving us this opportunity. I'll maybe just try to slip around as quickly as I can to cover a number of topics.

Mr. Bird, I'd like you to know that I do appreciate your thoughts on allowing willing individuals to donate through more effective use of our tax system. I still believe in some of those old analogies of keeping your kids in sports and out of the courts. It's just an opportunity to recognize that in a lot of cases, dollars spent on social applications in some particular place is money well invested, and it's certainly a heck of a lot less costly than dealing with the results afterwards.

Many years ago I was a police officer dealing with the narcotics trade, so I well recognize just how important prevention is. So thank you very, very kindly for those thoughts.

Slipping over to the dredging issue, could I have a bit more clarity from Mr. Scurr or others who would like to participate? To what depth is it necessary to take the side channel to be acceptable at low tide?

Mr. Chris Scurr: The 1998 levels, sir, were 20 feet at low tide. In most areas today it's two to three feet.

Does that answer your question?

Mr. Daryl Kramp: It does.

Once again, if continuous funding were not available, but a one-time shot, how long would this last?

Mr. Chris Scurr: At the rate the silt is coming into our channels, and because this is a managed river and has diverted flow, to keep the main channels scoured, I would say it would probably be five years maximum before we're back to almost the same situation.

Mr. Daryl Kramp: The reason I asked, of course, is that I think we all recognize that we are taking on significant debt right now to stimulate our economy and to try to get that sense of balance, but it's a fool's game to believe this can go on. We all recognize there will have to be a serious reduction so that we don't end up with long-term structural deficits.

That's why I want to try to ensure that we don't commit funding that is not going to give a long-term result without some long-term commitment to it. We just have to find a balance, because we're handling your dollars; that's the point.

Mr. Chris Scurr: Absolutely. You're quite right, and what we are proposing, sir, is a maintenance program after the initial dredge is done to maintain the....

May I just quickly say there's a study being deployed by Hay & Company. It's a hydrological study to model the channels, which are now managed by the federal government, to see which situations would produce less siltation in the channels in the future.

We are looking at that initially, and once the science is done we'll have results that give us indications as to the required direction of future dredge operations. However, we are recommending that about \$500,000 per year be devoted to the secondary channels after the initial dredge.

• (0925)

Mr. Daryl Kramp: Okay, thank you. We're moving on to some others.

Let me just thank all of the presenters on the dredging issue for having done your homework and giving us specific numbers to factor into our deliberations with specific goals and results. We do appreciate the homework done on that.

Mr. Kemp, I'm a little confused with regard to the dollars available and the various means of saving costs for particular developers, be they small or large. I'd maybe just like more clarity. How could you ensure this would translate back into tenant savings and not just end up in the pockets of a few developers and/or people who simply wish to be able to pocket those dollars at the expense of all the people who do need the little income? Do you have any thoughts as to how you would try to ensure there would be a medium of fair delivery there?

The Chair: You have about 30 seconds, Mr. Kemp.

Mr. Al Kemp: If I could guarantee that, I would probably trade places with you. There's no guarantee, but the market is always the market. We've seen a general reduction in rents in British Columbia over the last six to nine months. I think that will be borne out by the fall CMHC study. The market is such that there aren't as many people looking to rent. There aren't as many people able to pay higher rents. There is obviously a balance. A landlord must receive a return on investment and sufficient money to operate and maintain his or her buildings. I'm confident that if this were put in place, one of the results of a change in the capital gains taxes—and they're discriminatory taxes—would be more rental stock. As with any other portion of the market, supply and demand applies in our industry as well. If there's more rental stock available, generally speaking the cost of that rental stock will decrease.

The Chair: Thank you.

Next is the Liberal round. We don't have enough time for a full round, but we have about two minutes for Mr. Pacetti.

Mr. Massimo Pacetti: Thank you.

Ms. Jackson, there are a lot of rivers in this country, and I'm wondering how many rivers would need dredging money and what the total cost would be. We are a finance committee after all.

Mrs. Lois E. Jackson: I know you are. Because the Fraser River comes through the mountain range and suddenly dives down to sea level, it carries this tremendous amount of silt that we were speaking about earlier. Of course it's very unusual geography. I'm not sure what happens in Saskatchewan, Manitoba, and some of the other areas. But I know it's of huge economic importance here with our fishing harbours.

Mr. Massimo Pacetti: Your presentation is fine. It just makes it tough for the finance committee to say specifically that x number of dollars should go to one specific river or place. But I appreciate it. It was a great presentation, so thank you.

Mrs. Lois E. Jackson: Thank you, sir.

Mr. Massimo Pacetti: To Mayor Dahling, I appreciate that you require additional RCMP officers. If your village requires additional RCMP officers, I'm sure there are others. Do you have any idea of the need across the country, or just perhaps in the province of British Columbia?

Mrs. Corrine Dahling: With any community that has a one-man station right now, they are taking those one-man stations and eliminating them because the mandate is for two-man stations.

Mr. Massimo Pacetti: Do you have any idea how many there would be?

Mrs. Corrine Dahling: I don't know. I asked but they didn't get back to me.

Mr. Massimo Pacetti: Thank you.

Thank you, Mr. Chairman.

The Chair: Thank you, Mr. Pacetti.

I want to thank all of our witnesses for being here today, for your submissions to the committee, and for your answers to our questions. We thank you very much for your participation.

We have a second panel right away, and we ask them to come forward. We'll suspend for a few minutes and then continue with our discussions.

Thank you.

- _____ (Pause) _____
-
- (0935)

The Chair: I'll call this second panel to order.

Again we have seven organizations with us here for this panel. We have the Prince Rupert Port Authority; TRIUMF; Port Metro Vancouver; as an individual, Mr. William Otway; the Surrey Board of Trade; the Belinda Stronach Foundation; and Vancouver Island University. Welcome to all of you.

I'll just reiterate what I told the last panel. We have a very limited amount of time. We have an hour and a half. So you will have a maximum of five minutes for your presentation. I will indicate one minute and then you can wrap up. Then we will go to questions from members.

We'll start with Mr. Krusel, please.

Mr. Don Krusel (President and Chief Executive Officer, Prince Rupert Port Authority): Thank you.

Good morning. My name is Don Krusel. I am the president and chief executive officer of the Prince Rupert Port Authority.

Firstly, we at the Port Authority want to recognize and congratulate the Government of Canada on the effectiveness of the targeted investments in the Asia-Pacific gateway and corridor initiative to strengthen Canada's competitive position in international trade. Together these activities have established a strong and positive reputation for Canada's Asia-Pacific gateways. With the continued shift of economic activity and world trade toward the Asia-Pacific region, this national strategy of facilitating trade between Canada and Asia will continue in its overwhelming importance to the Canadian economy. The Port of Prince Rupert has benefited from these investments and has increased its international profile, and it owes a great deal of its success to the collaborative activities of the Asia-Pacific gateway and corridor initiative.

The \$30 million investment by the Government of Canada in the Fairview container terminal in Prince Rupert has been a tremendous success and has created significant economic opportunity across western Canada. A picture is worth a thousand words in illustrating the phenomenal success of the new trade corridor gateway in Prince Rupert. The graph that has been handed out to you—and I hope all panel members have a copy—provides a startling picture of the dramatic increase in North American trade that has been achieved through the Port of Prince Rupert as a result of the Asia-Pacific gateway initiative investment in the container terminal in Prince Rupert. As the graph illustrates, during the first 30 years of existence and prior to the conversion to a container terminal in 2007, the Fairview terminal never handled more than 1.1 million tonnes of cargo in any given year. Last year, during its first full year as a new North American gateway container terminal, it handled 1.8 million tonnes, and this year it is expected to handle 2.5 million tonnes of cargo. That is a startling 127% increase over the previous best year and a 1,200% increase over just two years ago. When the new facility reaches capacity, expected within the next five years, an extra 4 million tonnes, or an increase of nearly 5,000%, will be flowing through that terminal.

These achievements have not gone unnoticed internationally and worldwide. Recent articles in the *Journal of Commerce*, a U.S.-based trade publication, have referenced comments from U.S. port officials about the success of Prince Rupert and the Asia-Pacific gateway. To quote the article:

[U.S.] port officials appear to be looking with envy at what has been done in Canada to lure North American importers to Prince Rupert. The [U.S.] West Coast port directors cited the effective effort of the Canadian federal, provincial and local governments, together with that country's Pacific ports and CN [Rail], to promote the Canadian gateway for trade with Asia.

The article goes on to describe how the U.S. west coast port authorities are lobbying their own federal government to provide the same level of economic and organizational support as is being provided here in Canada. While it is very flattering to be viewed as a role model for our U.S. counterparts, it is also a warning to us that we cannot be complacent and allow ourselves to lose any competitive advantage that we might have gained through the Asia-Pacific gateway and corridor initiative.

We believe that the Government of Canada's Asia-Pacific gateway and corridor initiative and measures for economic stimulus have been successful to date but can be more effective with continued support and future enhancements. I would like to highlight three for consideration by this committee: to provide new and additional funding for the Asia-Pacific; to provide greater access to federal economic stimulus; and to amend federal regulations to enhance the ability for federal ports to access venture capital.

However, I am not here today only to applaud past infrastructure investments made in the Prince Rupert gateway but to remind you that we are not yet finished building Canada's Pacific gateway. Thus we need continued support from the Government of Canada in completing this important task. The Port of Prince Rupert has a real and immediate opportunity to facilitate the development of new export capacities for bulk commodities targeting the Asia-Pacific region. In addition, the growing container traffic and terminal capacities are driving new opportunities for export and import logistics services such as container stuffing and reload, cold storage, transload, and short sea shipping opportunities.

• (0940)

In conclusion, we applaud the support and direct investment made by the Government of Canada, along with our partners in the Fairview container terminal. Together, we not only created a new gateway for trans-Pacific container trade but also have drawn the attention of the international shipping world and opened the door to a multitude of new investments and development opportunities.

Key to realizing the opportunity and unlocking the potential of the Prince Rupert gateway will be a strategic investment in infrastructure at the Port of Prince Rupert by the Government of Canada.

I thank you for your time and attention.

The Chair: Thank you very much.

We'll now go to TRIUMF, please.

Dr. Nigel Lockyer (Director, TRIUMF): Good morning. My name is Nigel Lockyer. I'm the director of TRIUMF.

TRIUMF is Canada's national laboratory for particle and nuclear physics. It was founded 40 years ago by three British Columbia universities and the University of Alberta. Today, it is 11 full-member universities and four associate universities, so it's represented by 15 universities across Canada, stretching from Nova Scotia all the way to Victoria.

Every five years, TRIUMF undergoes what's called an international peer review. This year's review was chaired by Dr. Rolf Heuer, the director general of CERN, which is the largest laboratory in the world. Members on the committee included directors from Asia, the United States, and Europe. The head of the European Science Foundation was on that committee, as was the CEO of the B.C. Cancer Agency and Canadian businessmen.

The report is complete. They gave us an A-plus, you might say, on our track record, and fully endorsed our plan for the next five years.

TRIUMF also initiated by itself an economic impact study. It shows that in the last 10 years there was \$1 billion of economic

activity associated with TRIUMF. Our next five-year plan proposes to double that, so that would be \$1 billion of activity in five years.

TRIUMF is a little unusual in the sense that it's not only a world-class science facility but has demonstrated its ability to work with the private sector. Our major collaborator is MDS Nordion at the moment.

I don't have time to describe our whole program, nor do you want to learn about physics or nuclear physics, I assume, so I'll just talk briefly about the fastest growing part of the plan: nuclear medicine.

TRIUMF is engaged in nuclear medicine from soup to nuts. We design the accelerators, the cyclotrons that are used to make medical isotopes. Those cyclotrons are found around the world. They're found in Sloan-Kettering in New York and they're found in Korea. They're manufactured in Canada. That is a growing field and it's a growing business.

In order to use those isotopes, they're usually connected to molecules. The field that connects molecules to isotopes and designs molecules is called radiochemistry. We have a radiochemistry team that's growing. It collaborates with MDS Nordion, UBC, and General Electric, so it's an area where we see the future of the field in nuclear medicine going.

We do imaging. We're involved in the science associated with that, both clinical and science research, in British Columbia and across Canada.

The one area that I'll draw attention to that has been in the news a lot lately is the medical isotope crisis in Canada and around the world. TRIUMF has proposed a short-term, medium-term, and long-term solution.

The short-term solution, in collaboration with B.C. Cancer, Sherbrooke, Western Ontario, and Cross Cancer Institute in Edmonton, is to use the existing cyclotrons that are in the major medical centres. By changing the target from what you normally use to generate isotopes, you're able to make technetium-99 in sufficient quantities for those local medical centres. So that we see as something that can take place over the next two years—and it has been proposed to NSERC. That just relies on our know-how.

The medium-term solution is part of our five-year plan. It actually was part of it before the crisis came about. We are proposing to build a high-power, very small electron accelerator, which would fit probably across this table, that would allow us to produce molybdenum-99 in quantities sufficient for all Canadians.

It's not an expensive investment on the scale of reactors, so I believe the Government of Canada has a choice between reactors and accelerators. The solution we've proposed does not use highly enriched uranium; it uses natural uranium, where all reactors now will have to switch away from the way they're doing things.

●(0945)

Our long-term vision is that nuclear medicine, being a growing field that allows you to decipher cancer, whether a tumour that's growing or dying or whether there are estrogen receptors on it, and so on, is something that's going to take place. We propose an espresso-maker cyclotron, something small that fits on your desk and gives single-patient doses of medical isotopes, and which could be put in every hospital in the world. That's the end goal of nuclear medicine. It's really going to be everywhere.

I think the opportunities are fantastic, and we're very pleased to offer to you our proposal that we brought with us.

The Chair: Thank you very much for your presentation.

We'll now go to Port Metro Vancouver, please.

Mr. Robin Silvester (President and Chief Executive Officer, Port Metro Vancouver): Good morning, committee members, and thank you very much for the opportunity to address the standing committee this morning.

My name is Robin Silvester. I'm the president and chief executive officer of Port Metro Vancouver. The Vancouver Fraser Port Authority, operating as Port Metro Vancouver, has submitted to the Standing Committee on Finance a federal pre-budget submission wherein we recommend that the Government of Canada undertake a new round of funding for the Asia-Pacific gateway and corridor initiative, specifically including the replacement of the New Westminster rail bridge and the replacement or upgrade of Fraser River training infrastructure.

The port recognizes and applauds the support of successive federal governments in the creation and expansion of the Asia-Pacific gateway and corridor initiative. The investments announced by the federal government have bettered our nation's west coast trade infrastructure to the benefit of all of Canada, which is fundamentally a trading nation. These improvements have demonstrated to customers and port users the Government of Canada's commitment to advancing significant trade-related activity in the Asia-Pacific gateway.

While much has been done to facilitate trade through the Asia-Pacific gateway, funds available for investment in this initiative have largely been committed. A number of investment priorities remain. We respectfully submit that the Government of Canada should consider further investment to position the Asia-Pacific gateway as truly competitive. Specifically, the two infrastructure projects I address today are key to the continued and future competitiveness of the gateway.

Port Metro Vancouver is Canada's largest and busiest port and the most diversified port facility in the whole of North America. Port Metro Vancouver's navigable jurisdiction stretches along 600 kilometres of coastline, and the Fraser River comprises nearly half of that jurisdiction.

In 2008, the cargo handled along the Fraser River accounted for 29% of Port Metro Vancouver's total tonnage, representing a very significant contribution to the port's overall economic impact in the region and to the related tax generation of taxes to all levels of government.

The New Westminster rail bridge represents an existing federal asset and a critical component of the gateway infrastructure. This single track swing-span bridge crosses the Fraser River between Surrey and New Westminster. In addition to approaching the end of its useful life, this 100-year-old structure also offers a mere 10-metre vertical clearance over the Fraser River, a major international shipping channel. Furthermore, the narrow distance between its vertical supports presents an ongoing challenge to river navigation, and columns have been damaged in the past after being struck by barges transiting in heavy currents.

The Government of Canada has recognized that rail access to and from Port Metro Vancouver is critical to the success of Canada's international trade initiatives. As a result, the Asia-Pacific gateway and corridor initiative identified three key rail corridors essential to the success of trade in the metro Vancouver region: the Roberts Bank rail corridor, the north shore trade area, and the south shore trade area.

The New Westminster rail bridge is a critical component of the north and south shore rail corridors, especially in conjunction with the increasing freight demand forecasted from higher cargo volumes through the gateway. At this time, the bridge is at or near sustainable capacity. The current users of this bridge include CN, Canadian Pacific, Burlington Northern Sante Fe, Southern Railway of British Columbia, VIA Rail, Amtrak, and the Rocky Mountaineer. Replacement of the New Westminster rail bridge with an improved crossing would represent a sound investment that would significantly contribute to the success of Canada's international trade initiatives. To date, no funding has been identified for the replacement of this crucial infrastructure.

Moving rapidly to the Fraser River training infrastructure, this is also an existing federal asset managed by the Canadian Coast Guard. These marine control structures channel direct current and control wave action, thereby maintaining water depths and reducing erosion. By stabilizing the course of the Fraser River, they in turn help to manage sediment suspension.

The training infrastructure serves three vital functions: the structures improve navigation; they reduce the requirement for maintenance dredging, which I believe links to a number of presentations you had earlier this morning; and they contribute to the commercial viability of the port's dredging program and thus the ongoing viability of the Fraser River as a trade corridor.

The structures also address issues relating to erosion and sediment deposits for lands adjacent to the river and contribute to flood control and safety.

There are 14 structures involved, some of which are more than 100 years old, and all are currently in varying conditions of disrepair. The replacement value of these marine structures is estimated at \$150 million—and again, no funding has been identified for their replacement.

To conclude, Canada is a trading nation. Given the importance of trade to Canada's financial well-being, the magnitude and growth in Asia-Pacific trade, and the importance of diversifying and expanding Canada's trade with new markets, the Fraser River is critical to the economy and the communities along metro Vancouver.

● (0950)

Port Metro Vancouver recommends that the federal government undertake a new round of funding for the Asia-Pacific gateway and corridor initiative, including the replacement of the New Westminster rail bridge and the replacement or upgrade of Fraser River training infrastructure.

Thank you.

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

Mr. Otway, please.

Mr. William Otway (As an Individual): Thank you, Mr. Chairman and members of the committee. I appreciate the opportunity to appear before you today.

My name is William, or Bill, Otway. You have my background in the brief previously submitted.

I'd like to advise you, with pleasure, that the Shuswap regional association of the B.C. Wildlife Federation has voiced its support for the proposal I'm putting forward. We all believe that one of the very best investments our government could make with taxpayers' money is to invest in the revitalization of the Pacific salmonid enhancement program, or SEP. Such an investment would provide the opportunity for increased economic benefits and additional long-term sustainable employment for thousands of Canadians. Despite continuing efforts to restrict this operation, SEP has been a success. It contributes significantly to our salmon production and has provided a buffer for our fisheries in light of continuing decline in the production of wild salmon stocks. The program is responsible for something in the order of 40% of the economic benefits and jobs our fisheries produce. It has the potential, with some rational investment, to expand those benefits in a major way.

The public fishery in British Columbia plays a major role in the economic well-being of both B.C. and Canada. The wholesale value of the commercial public fishery in 2005 was \$793 million and it contributed 5,700 jobs. At the same time, the recreational fishery generated \$1.4 billion and 7,700 jobs to our economy. Simply put, the public fishery in British Columbia generates in excess of \$2.1 billion annually and 13,500 jobs. There is no reason, given a rational revitalization plan for SEP, that these benefits cannot be doubled over time.

The committee is no doubt aware of the problems experienced here in B.C. this past year with our Skeena and Fraser sockeye. What the committee may not understand is that the failure of those salmon runs meant a minimum loss of \$125 million to our economy and the associated jobs. Bringing SEP to full and expanded production could have compensated for some of those losses with production of other species and retained the lost economic benefits and jobs. A review of the 2007 report to the Minister of Fisheries and Oceans, entitled *Salmon in Sight*, will show that a planned revitalization of SEP also provides the opportunity to produce green power.

Our recommendations are as follows.

One, dedicate \$200 million to the DFO Pacific region over the next six years to create an expanded and revitalized SEP program and to develop a salmon master plan.

Two, stipulate that the funds dedicated to this program will be under the control of the Pacific region of DFO and not the deputy minister or the Ottawa mandarins. Moreover, it must be stipulated that these earmarked funds cannot be hived off for any other use within DFO.

Three, require the establishment of an advisory body composed of representatives of all stakeholders to work with and advise DFO Pacific region on the best projects to undertake. This body would also review all science-proposed projects and make recommendations on their viability in achieving the goals of the expanded SEP.

Thank you.

● (0955)

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

We'll go to Mr. Wilson.

Mr. Eric Wilson (Chair, Taxation and Finance Team, Surrey Board of Trade): Thank you, Mr. Chairman.

My name is Eric Wilson. I am the chair of the finance and taxation team for the Surrey Board of Trade. The Surrey Board of Trade is the second largest board of trade in British Columbia.

Thank you for allowing us to speak today.

Specifically we're asking the government to consider two areas of tax policy for revision and introduction. One concerns the availability of the small business deduction to companies that have taxable capital in excess of \$10 million. The second is to consider the introduction of legislation allowing for consolidated corporate tax filings among companies under common control and ownership.

By way of background, subsection 125(5.1) of the Income Tax Act reduces the ability of a company to claim the small business deduction based solely on its taxable capital. It begins to erode once the capital exceeds \$10 million, and it disappears entirely at \$15 million. This has a significant impact on businesses that are capital intensive. For example, the Automobile Dealers Association has highlighted this many times.

Prior to 2004, the \$10 million threshold also served as the level at which a company would incur what's referred to as a corporate capital tax, which is a static tax based solely on its capital structure. Once you incurred a \$10 million limit, you paid a certain degree of tax on the excess. In 2004, that level, for purposes of the large corporations tax sections, was increased to \$50 million, but the \$10 million threshold for the erosion of the small business deduction did not change. We are requesting either that subsection 125(5.1) be repealed or that the \$10 million threshold referenced therein be increased to \$50 million to at least bring it into harmony with the level at which a company will incur large corporations tax.

With respect to allowing consolidated tax returns to companies under common ownership and control, it is very common for a business to have its individual units split into various subsidiary or sister corporations for purposes of liability, competitive insulation, succession, or variable compensation patterns. It's not unusual for one facet of a business to operate at a loss whereas another facet operates at a profit. An example might be a manufacturing business that also does its own distribution. The distribution end of a manufacturing business sometimes does incur losses. If for competitive or legal liability purposes this company chooses to maintain its business units in separate legal entities, it has to go through an enormous amount of professional expense, complexity, and, to a certain degree, uncertainty to access the losses of the distribution company with the manufacturing end.

We believe that Canada is one of the only countries in the G7 that does not allow consolidated corporate filings.

Within the package that was submitted prior to my appearance here, there is a discussion of various techniques and strategies that are embraced by the CRA in allowing consolidation of losses within a related group or a group under common control. But as I said earlier, it's unwieldy and unnecessarily expensive, and at the end of the day, the amount of tax revenue that would be realized by the government would functionally be unchanged in the event that consolidated filings were allowed.

In 1985 the Technical Committee on Business Taxation recommended that the federal government review the Department of Finance's 1985 discussion paper, "A Corporate Loss Transfer System in Canada", which acknowledged there were problems with the current loss utilization techniques, specifically legal and accounting costs, administration and compliance costs, and uncertainty regarding the utilization of the tax planning techniques. It argued that a group reporting system would improve the equity and neutrality of the income tax systems as between economic entities; enhance the response of business to tax incentives provided by the federal government; and increase the freedom of managers of business organizations to structure business operations in the most desirable way from a business point of view, with less concern about adverse or uncertain tax consequences.

Thank you.

• (1000)

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

We'll go to Ms. Mohamed.

Mrs. Farah Mohamed (President, External, Non-Profit, Belinda Stronach Foundation): Thank you very much, Mr. Chair, for the opportunity to present to the committee. My comments will focus on the first question the committee has put forward, which is in regard to the spending measures needed for prosperity and sustainability. Specifically, my presentation focuses on the fastest-growing population in Canada: aboriginal children. It also focuses on themes that this government has championed, among them economic development, strategic investment, and technology.

You've all received a copy of my presentation. What I'm going to discuss with you today is One Laptop Per Child. It's a program that is currently in 15 other countries, one million of them in operation,

and it has yielded tremendous results. It's about education, empowerment, globalization, responsibility, and investing in a key resource, our children.

This iteration of One Laptop Per Child in Canada is unique. It focuses on aboriginal children. It has the support of organizations and individuals from the aboriginal community, among them Chief Atleo, Roberta Jamieson, Susan Aglukark, Clint Davis, the ITK, and several others. I point that out at the beginning because this is not a solution that has been made in central Ontario; it is in fact a solution that is being put together in collaboration with aboriginal leaders and individuals.

It's also a program that's built on partnership between the not-for-profit community, the private sector, and hopefully the government. It's a pilot project that I am speaking to you about today. We believe that if we can pilot this, this time next year, for our kids, about 5,000 of them in various parts of the country, we can in five years reach a population of 250,000 children between the ages of 6 and 12.

With respect to One Laptop Per Child, it was created in 2005 by a gentleman named Nicholas Negroponte. He's the founder of the MIT media lab. It's a low-cost, low-powered, connected laptop. In fact I have one with me, so you can see that it's actually proven, not something we're going to come up with in this pilot program. It's a tool to get aboriginal kids involved in their own education.

Briefly, the important part is what the laptop will have on it. This particular laptop will have on it a literacy program with aboriginal content. It will have on it a financial literacy program with a banking opportunity, so we're giving actual skills and practical skills to children. It will have at least 100 books, 50 of which will be from aboriginal authors for aboriginal children, and we're pleased to announce that Heather Reisman has agreed to give us the other 50 books. It will have connectivity to the Internet, an entrepreneurship program, a mentorship and leadership program, games to improve dexterity, self-esteem, and creativity, and we'll be doing that in partnership with CAMH, the Centre for Addiction and Mental Health.

We'll also be working with ParticipACTION to come up with a physical education program so that we're not creating a bunch of children sitting in front of computers but that they learn how to use technology for their physical health.

We're also working with the University of Waterloo so that as these programs are developed by the content experts, they are handed over to, as we call them, high-performing tech geeks at the University of Waterloo, who will then be coming up with the application. So we are striving to have an academic aspect to this.

I'm going to go through the deck very quickly. It's important to understand who will benefit from One Laptop Per Child. Obviously, our main population is aboriginal children 6 to 12 years of age, their parents, their communities, teachers, other family members, and we believe, with this investment, Canadians. We are talking about the fastest-growing population in Canada and a population that has demonstrated enormous results when given the opportunity.

As indicated on page 7, the accomplishments to date are taken from a number of evaluations in these 15 different countries, all at different stages, but we know that at the end of the day kids become more interested in their learning. There are lower dropout rates, increased school attendance, and higher literacy rates. They become more creative. Because of their access to the Internet, they explore areas of opportunity that they may not have otherwise explored. In fact, the programs that are on here are musical in nature. There are memory games. There are memory tools. There's a calculator on there. There's a journal on there. So what we've seen is that kids are becoming a bit more engaged in their education.

In reference to page 8, if I came to you with a program and didn't tell you that there were challenges and opportunities for those challenges, it would be a little bit of a misleading statement. We've identified three challenges and three ways to solve those challenges. One is breakage. The computer is built for kids, so the breakage rate is less than 1%. Regarding training, we really believe the best way to get these into the hands of aboriginal kids is to have aboriginal adolescents be the trainers of these programs, so that's built into this program. In terms of the cost, this is a very low-cost solution to literacy problems, self-esteem, and the engagement of children.

Built on this, on page 9 we talk about potential partnerships. For the pilot program, we're talking about \$5 million over three years, shared between not-for-profit, profit, and the government. So that boils down to about \$2.5 million for the government, and that would be \$833,000 per year for three years. At the end of the day, we believe that after three years of this pilot program, and within five years, we could cover the entire population—obviously, with increased investment.

• (1005)

On page 10 I talk about why this is a useful investment for the Government of Canada. I won't go through all of this, but we look at it as a strategic investment. That's a very important part of this equation. Often not-for-profits come and ask for a bulk of money and tell us they'll try to do good things with it. This is an investment in a population that needs it, and it's built on a partnership.

After a pilot program this would be a cost of \$250 per child. Currently I'm told we spend \$215 per child on just language training in this country. At the end of the day, the bottom line of this program is that it's innovative, it's targeted, it's proven, and it's supported by aboriginal leaders and is cost-effective.

On page 12 you'll see the roll-out. The plan is to do the content to raise the funds and to have these computers in the hands of 5,000 children by this time next year.

Thank you very much.

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

You may want to actually pass around the laptop to members, if you want them to get a sense of it. I don't know how many of them have actually seen it.

We'll now go to Mr. Nilson from Vancouver Island University.

Mr. Ralph Nilson (President and Vice-Chancellor, Vancouver Island University): Thank you very much for the opportunity to address the standing committee. I bring regrets from our chancellor,

Chief Shawn Atleo, who is unable to be with us today. We had hoped he could be, but it's not possible.

I'd also like to thank the Government of Canada for the knowledge infrastructure funds that we and other institutions across the country have received. As an example, one of the projects that we've invested in is a new facility that we're building on our Duncan campus. When you look at the issues we have in our brief, one of the keys is that 18% of the population at that particular campus is aboriginal; we are serving the Cowichan bands and various other communities on that part of the island.

Just so you have a bit of an understanding, Vancouver Island University is a new university. We are one of the institutions in British Columbia that was a university college, and in September last year we became a full university. Prior to that we had 73 years of history in the mid-island, and for 20 years we were giving out university degrees. So it's not new that we're granting university degrees, as we've been doing it for 20 years.

We take very, very serious responsibility for our role in mid-Vancouver Island in economic and social development within the communities we serve. So it's a very, very important part of what we do.

The issues we're addressing in our submission concern the changing economy. When we look at the resource-based economy on Vancouver Island and up and down the coast, there's been some critical change. We know the forest industry has changed dramatically. We know, indeed, that fishing and harvesting protein from the sea has changed dramatically. We know there are a variety of changes at hand that impact directly on both provincial and federal jurisdictions. As those resource-based industries change, they displace a lot of people. We're a regional institution that provides support for people in that transition. We are an open-access institution, and it's very important that we address the opportunities for people to come in and address that change in their lives.

We're also very strongly focused on capacity building in first nations communities. We have 51 first nations communities on Vancouver Island. We serve communities up and down the coast and provide support for them. We have the largest head count of aboriginal students of any university in British Columbia. Even though we're about one-eighth the size of UBC, our head count of first nations students is dramatically larger. It's because we provide an environment for them to excel and to be successful. It is a very important issue for us.

The third piece we're very involved in as a coastal institution is looking at ocean management, particularly as it relates to harvesting protein from the sea. Our real strength is in shellfish research, but we have a strong partnership with DFO and look at all of the challenges that exist in harvesting protein from the sea and how we, as a regional institution, can provide supports to help guide that dialogue in a way that moves it forward, rather than some of the challenges that I know exist with the political pitfalls that arise when dealing with provincial and federal jurisdictions. As a regional institution with a strong relationship with DFO, I think we have a part to play and a place to work.

So our recommendations are threefold. The first one is looking at first nations funding for post-secondary education. We know there's a real need there; we know there's a real challenge there. We think we can provide and develop the kinds of models that are going to be successful for first nations in building capacity in their communities, and that's done through small regional institutions that are close to home communities and provide the kind of cultural support that's necessary. This is a model that we can work with other institutions across the country. It's not just something that's going to focus on Vancouver Island.

We also recognize that regional universities, especially when located in resource-based communities where industries are changing, are a place of innovation. We are a place of change that can provide the kinds of supports that will help the economy and help us understand what the next economic drivers are going to be in those communities, especially at the regional and rural levels. We have a role to play.

The third one is the opportunity to engage with DFO in a way that allows us to look at and address this evolving issue on the coast of harvesting protein from the sea and the whole responsibility we have in ocean management as it relates to that. I think we have a role to play in having a dialogue and in providing direction and leadership.

Thank you very much.

●(1010)

The Chair: Thank you very much.

We thank all of you for your presentations.

We'll now go to questions from members, starting with Mr. McCallum for seven minutes.

Hon. John McCallum: Thank you, Mr. Chair, and thank you all for joining us this morning.

I'd like to focus on two themes that I think are critical for the jobs of tomorrow, which some of you have advanced, where I think you'll find a big difference between our view and the government's view. One of these areas is the role of research and innovation in science in creating the jobs of tomorrow. The second one is the importance of the Pacific gateway and trade with China; we can't put all of our eggs in one basket, and we really think Canada's destiny lies increasingly with Asia. Some of you have touched on that.

If I may begin with the first theme, this is principally for Mr. Lockyer and Mr. Nilson, I think. We believe that to create the jobs of tomorrow, government has to be heavily involved in science, in research, in innovation, because many of the jobs lost today will not come back. It's true that with new ideas and innovation in science and research, Canada must work to create these future jobs. On the government side, they've actually cut funding for science and research-granting councils, so there you see a pretty stark contrast.

To Mr. Lockyer, you're seeking quite a lot of money, approximately \$300 million. So I have two questions. Have you, other than coming here today, had conversations with the industry department, and what are the prospects for that? Second, in terms of the isotope crisis, you described a short-, a medium-, and a long-term plan. Have you been in discussion with government on that? What kind of reaction have you had to that plan?

●(1015)

Dr. Nigel Lockyer: The answer is that we have met with a number of people in Industry Canada. We met with Minister Clement to discuss our proposal. We met with senior civil servants in NRCAN to discuss the isotope proposal. So there is interest in what we're doing.

I think, as I said, we presented it as a choice that you can invest in reactors. But first of all, let me say that I think we should be in the business of medical isotopes. Canada has a long history here and is recognized around the world as being engaged in this type of activity. It's not only business, but also research and health care. It has many facets.

Hon. John McCallum: Do you think there's a moral dimension as well, if we just walk away from it at a time when there's a supply deficiency?

Dr. Nigel Lockyer: Well, I've interpreted the government's position as saying that we are not going to subsidize isotopes for the rest of the world. I would like them to say that we are going to worry about isotopes in Canada, and that's what we're trying to address.

There are two aspects to that. One is that we've offered a solution that provides moly-99 and other isotopes for Canadians. It's also a business at the same time; we build and sell accelerators in Canada, and we see it as a growing business. So that's what we've offered them.

Hon. John McCallum: Thank you.

Mr. Nilson, I've spent twice as much time as a university professor in economics as I have in politics, and I've been struck by the importance of regional universities to their communities. The little "UQs" in Quebec, for example, are central to the future of their communities. So if we're going to have policies that favour new activities and jobs in regions and not just in the big cities, then I think your proposal is really important. I really subscribe to your first recommendation, where you call for "The creation of a funding program by the Federal Government that supports core operating funding for research centres at regional universities, where the economic and social benefits of the applied research can be clearly demonstrated." For example, in places like Chicoutimi, I notice that the universities are central to their future, and often the outlook for traditional jobs in those areas is not very good.

I guess my question to you is, are you guys banding together in some way to have a united front? I know the big universities such as the University of Toronto and McGill try to hog all of the money, saying they're excellent and you're not. I've been there. Are the smaller universities based in the regions trying to act in a concerted fashion in this area? If not, I think it would be a good idea.

Mr. Ralph Nilson: There are a couple of things I want to respond to.

First of all, I'm a firm believer in the big universities doing what they're doing. It is very, very important for us as a nation to have that strength of the large research universities pushing the agenda the way they are; but we also have to recognize that the regional universities have a real responsibility on the ground in doing things that can't necessarily be done. So thank you for that support.

I just want to give you an example of our shellfish work. Shellfish farmers who have a lease on the B.C. coast are lucky if they make thirty grand a year. They have no R and D capacity. We're building a shellfish research field station where we are the R and D. We also work with first nations, helping them learn and understand. We have a whole program up and down the coast, training managers in first nations communities in shellfish, helping them with R and D as well as the little shellfish farmers.

We are talking about across the country. We're just starting conversations now with other small regional universities that have large aboriginal populations. I'm getting into conversation, for example, right now with Nipissing University, and Cape Breton University, etc. So there is a discussion, but there is not a concerted, well-organized discussion at this point.

• (1020)

The Chair: You have 30 seconds.

Hon. John McCallum: Thank you. I think I have pretty well run out of time, but I was going to ask a question on China. It is my impression that Stephen Harper, never having visited China as Prime Minister, and having poked China in the eye repeatedly, has cost us in terms of approved destination status for tourists in Canada, and in other ways.

I was going to ask, but I don't know if there is time, about this in terms of the Pacific gateway. I'm all in favour of increased trade with the Asia-Pacific region. How much money approximately would this second phase of the gateway investment cost?

The Chair: Okay, be very brief.

Mr. Robin Silvester: The two specific items we've raised as fundamental to the development of the Vancouver gateway, the New Westminster rail bridge and the river training infrastructure, are \$100 million to \$150 million each. But we've had some dialogue with Transport Canada in a lot more detail about those numbers.

Hon. John McCallum: So that's \$200 million to \$300 million in total.

The Chair: Okay, thank you for those non-partisan questions, Mr. McCallum.

Voices: Oh, oh!

The Chair: We'll go to Monsieur Laforest.

[*Translation*]

Mr. Jean-Yves Laforest: Thank you.

Good morning to all the witnesses.

I have a question for Mr. Krusel, from the Prince Rupert Port Authority. You have shown us a very impressive situation, in which significant government investments have yielded positive results. Now you are saying that we need to go farther. To my mind, the

government is there to support and stimulate an organization. With such great results, you must surely be making more profit now.

Why should the government continue to invest there instead of in another industry in another region? The investments were successful, but we also have to think of others. I have a bit of trouble seeing why we should again invest in the same area, when several other industries are also in need of investment.

[*English*]

Mr. Don Krusel: Thank you.

First, I'd like to add to the previous question on the \$300 million for the Pacific gateway. That's the Vancouver portion of the Pacific gateway. Our portion would add about \$300 million onto that as well. That's just to clarify.

To your question about profitability and the continued investment in the project, really what we are talking about is a different project that builds on the first. This graph illustrates the opening of a container facility. Canada now requires on the northern gateway through Prince Rupert an integrated logistics park that services both this container facility and also all of the exporters and importers throughout western Canada who need facilities in this gateway to help them grow their export and import business.

I'll use the analogy of a shopping mall where there are a lot of retailers who want to locate their retail facilities in one location but it requires a large piece of infrastructure. Not any one of, or a couple, of those retailers can put the resources together to create the foundation for that kind of development. What is required is a very large investment, like \$200 million, for a logistics park to create the foundation. It will create \$1.4 billion of private sector investment. There will be private sector investment, but it requires the foundation to be created to assist that.

• (1025)

[*Translation*]

Mr. Jean-Yves Laforest: Since I do not have a lot of time, I will move on to another witness.

My second question is for Mr. Lockyer. You mentioned isotopes. Earlier, Mr. McCallum asked you if you had spoken with the Department of Industry. My question has more to do with the medical aspect.

Have you proposed your measures to Health Canada? Is there evidence to back up replacing what currently exists? Does the medical community recognize what you are proposing to be as effective as what was produced at Chalk River?

[*English*]

Dr. Nigel Lockyer: That's a good question.

The answer is, yes, we work with Health Canada also. We are going through a process. Actually, there's the process that we go through with our five-year plan through the National Research Council, Industry Canada, and so on. There's a memorandum to cabinet that will be going forward in the next month that contains the accelerator that would be used to make these isotopes. The fact is we collaborate with MDS Nordion as our partner. It's been a 30-year manufacturing partnership with MDS Nordion.

We already produce 15% of Canada's medical isotopes. We're proposing that we produce the rest. We would do that with accelerators. We've had an international study of that published. It was funded by NRCan and it supports the approach we're taking. It's really now a decision, I think. The technology is there, and it requires much less of an infrastructure investment than in a reactor.

[Translation]

Mr. Jean-Yves Laforest: You are talking about the short term, the medium term and the long term. Can you define short term and medium term? Are we talking months or years before we are able to meet all of Canada's isotope production needs?

[English]

Dr. Nigel Lockyer: Short term means less than two years. It's probably about a year in the case of the short term because we have to make modifications to existing cyclotrons in Canada. It's no major infrastructure investment at all. It's really a few tests to demonstrate something we believe we know how to do and then transfer that around. That's the short term. It's one to two years.

In the medium term we would do our demonstration in 2012, then pass that over to the private sector, and you would be part of the supply chain by 2015—a complete transfer to the private sector.

[Translation]

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

Mr. Kramp, you have the floor.

[English]

Mr. Daryl Kramp: Thank you very much, Chair. Welcome to all.

Ms. Mohamed, I am absolutely thrilled with your proposal. I think it's a caring proposal that certainly starts to deal with one of the areas of serious concern we are facing as a nation.

I just have a couple of questions dealing with it. When you say One Laptop Per Child, what age group are you primarily thinking of for this pilot program?

Mrs. Farah Mohamed: The age group based on the research for this particular model is 6 to 12.

Mr. Daryl Kramp: Extrapolating that across the country, you are saying it will cost \$5 million over three years or \$833,000 per year over the three years. What would it take to do a pan-Canadian approach on this for aboriginals?

Mrs. Farah Mohamed: For the federal government portion alone?

Mr. Daryl Kramp: Yes.

Mrs. Farah Mohamed: For the federal government portion alone, over five years it would be an investment of \$15 million, I believe. That would be for 250,000 children nationally.

• (1030)

Dr. Nigel Lockyer: I'm relatively familiar.

Mr. Daryl Kramp: I'm just wondering about it. When I hear you talk, I'm quite pleased actually, but in dealing with everything from the AECL to the isotope issue, what you are suggesting almost sounds too good to be true, that we could so simply deal with our problem by taking the theory that we have now and apply it. We were told the same thing would happen with the MAPLE site, and obviously that became quite a boondoggle, with unbelievable costs and no results. So what kind of assurance could you provide to government that an investment in the accelerator process could demonstrate clear and definable results for us?

Dr. Nigel Lockyer: In terms of assurance, we're the leading rare isotope facility in the world. I mentioned our international peer review. To summarize it, I say that we got an A-plus. I think our technical standing in the world for what we do is well recognized and documented independently. I believe we have the know-how. We've been working in this area for 30 years with MDS Nordion and progressing with time. As for our technology, the Government of Canada has invested in this technology. It's allowed us to be at what I would call the vanguard of accelerator design. That's our business.

Unfortunately, the NRU is 50 years old, as is the case with the reactor in Europe, so that's old technology. I'll remind you that it also has the problem of the highly enriched uranium. I think that whatever solution you come out with now it must not use that, because of proliferation issues, and that is the general view of the world now. I feel that our proposal has that advantage. We know we can make moly-99. In fact, for a scientist it gets in the way. Because you make so much of it, we view it as a background. So we're just turning what we do on its head and saying that if we want to make a lot of this, we can.

• (1035)

The Chair: You have 30 seconds.

Mr. Daryl Kramp: Okay.

Just to contradict Mr. McCallum's statement, there actually has been an increase in investment in science and technology spending through this government. I just wanted to make that very, very clear.

What I would like to ask you is from a competitive aspect about other countries, other nations. How competitive are you with other jurisdictions in the science you're doing right now?

Dr. Nigel Lockyer: Well, this is what I would call a made in Canada solution. This is something that came out of TRIUMF. It came out of TRIUMF because of its strength in accelerators. In our view, we are one of the leading accelerator centres in the world, and there is our close collaboration with MDS Nordion. There is no other isotope company in the world that can claim to have the impact that MDS Nordion has had with TRIUMF.

This is really just one step forward. You know they've reorganized recently. We see that to our advantage in this particular case. I think we're in a very strong position internationally to compete in that area.

Mr. Daryl Kramp: Thank you very much.

The Chair: Thank you.

We'll go to Mr. Davies, please.

Mr. Don Davies: Thank you, Mr. Chairman.

Thanks to all of you for your thoughtful presentations.

I want to start with Mr. Otway. We New Democrats were so delighted with your presentation. The salmon fishery, of course, is so critical to our province's economy, our communities, and indeed our culture.

Of course, I noticed that the Supreme Court of Canada decision in Morton, which happened recently, has returned jurisdiction over our coastal fish farms to the federal government. I wondered if you could give us your view on how well the federal government is positioned to manage that issue, and in fact what your position is on fish farms in terms of the diminution of fish stocks in light of the devastating reduction of salmon returns that we're seeing here in many species.

Mr. William Otway: First, I'd start off by saying I don't believe that fish farms played any significant role in the loss of the fish returning this year. There is a bit of evidence around to say that they never even made it out of the Fraser River. The problem, as I mention in my brief, is that the stock assessment operating budget has been cut by 50%. Without the ability to do any stock assessment, we're dealing in voodoo boards. That's a problem.

The fish farms are here to stay. In my view, and in the view of a lot of people, they have not been managed well. There is very little oversight. I expect even less with the federal government taking over, because the recent report on habitat operations, which is the second in four years by the Auditor General, shows that they have no intention of dealing with the problems facing these issues and no ability to do so.

The problem is about far more than fish farms. As I stated, we need to develop a salmon plan. Everybody's talking about climate change today, about carbon, and saying that we have to do this. Nobody's saying that this is going to happen no matter what we do, so what are our options now? What does this mean for our salmon fish production in 30 years? What should we do to mitigate this? Or can we? Can we save the jobs? Should we save the jobs? Can we increase the jobs? I think we can, but it takes planning and it takes investment, and we're getting none of either.

Mr. Don Davies: Thank you.

I'd like to now move to Mr. Wilson at the Surrey Board of Trade.

I noticed your presentation speaks on behalf of the small business tax situation and is silent on the HST. Given that the date of your submission is August 14, I wonder if perhaps it was something that was not really on your radar at that point. Many small businesses in my community are phoning me and e-mailing me, telling me about the harmful effects of the HST on their business, particularly restaurants, all sorts of service sectors, businesses of all types.

I also want to indicate for the record that despite the Liberals' attempt to run from this issue as best they can, it was a 1996 federal Liberal government that brought in the HST agreements with the maritime provinces. Indeed, they voted for the budget in January that contained the HST provisional moneys.

What I would like to know is whether your members in Surrey, and particularly small businesses, have communicated to you their position on the HST and how that might be affecting their business.

• (1040)

Mr. Eric Wilson: Reaction has been very mixed. Restaurateurs have probably been unanimous in decrying its impact on cost, etc. There are some businesses that applaud it. What was once perhaps a dead cost, being the provincial sales tax component, now becomes a tax credit and perhaps lowers their cost of doing business, increasing profitability. There is a philosophical expression about passing the savings on to the consumers themselves.

It was a surprise when it was announced. It wasn't on the radar when we made our submission. The Surrey Board of Trade is cautiously supportive of the HST for the potential cost savings benefits in non-restaurant-oriented activities, speaking strictly on behalf of businesses. For consumers, perhaps it's going to be a different animal.

There have been, as I'm sure you've read, a number of requests for further consideration of certain aspects of the HST and its implementation, everything from software changes to the label required to convert the pricing, and so on. At this point, the reaction has been, for the most part, very high level, a very quick response. I suspect that goes for the business reaction when Ontario introduced the HST and when the Maritimes brought it in.

Mr. Don Davies: Thank you.

My last question will be to Mr. Silvester.

Of course, the ports are so central to the economy of the lower mainland in British Columbia, and in fact our country. I want to focus a bit on labour, because I think labour is a critical component of the success of the ports. We saw a debilitating withdrawal of services of independent truck drivers a few years ago. I also understand that there may be some upcoming issues with the labour force at the ports with the ILWU. I wonder if you could share your view on the state of relations with the critical labour component and how you view their participation in terms of the success of delivering on your critical role.

Mr. Robin Silvester: Thank you.

Certainly, as you rightly say, labour is a critical stakeholder in, and a component of, success in the gateway. One of the critical points—and I should emphasize it—is that at the port we're not directly involved in negotiations with labour. That takes place between the labour union and the employers' association.

We provide the perspective of our customers on those negotiations, and our customers do have a high degree of concern again, as you highlight in your question, about unreliability as a result of labour or management action. Our perspective would simply be that we feel that it is extremely important that the framework exists that preserves reliability within the gateway, prevents the risk of the gateway suffering disruption through any cause. That is exactly what our customers tell us repeatedly they want to see.

If I could take a very brief opportunity to clarify my earlier answer, the cost of the New Westminster rail bridge is actually \$300 million. The discussions to date with Transport Canada have indicated the potential to leverage the funding of the federal government in the same way as the other trade areas, thus a \$150 million contribution being leveraged by a further \$150 million. But the total cost of the bridge is \$300 million.

The Chair: Thank you.

We'll go to Mr. Pacetti, please.

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

Thank you to the witnesses. It's always a task for us to ask the right questions with the limited time we have, so I'm not going to get to everybody.

I have a quick question for Farah. That was an excellent job. I'm kind of jealous because I don't see any of these computers coming into my riding, and we can use a few.

In terms of cost, are you expecting the whole project to cost \$5 million over three years?

Mrs. Farah Mohamed: The pilot program would cost \$5 million over three years. That would cover 5,000 kids. If you do the math at \$250, it obviously doesn't work out to that, but it would allow us to do all of the customization around the content. So while the computer itself costs about \$190, the extra dollars are all for content customization, including the literacy stuff and the financial literacy stuff. Right now internationally you have this laptop with some very general programs. We're trying to make sure it's relevant to the aboriginal population, and that's where the extra cost comes from.

Post pilot you go back to the original cost. So all that work is done.

Mr. Massimo Pacetti: Just for the pilot project, what would be the breakdown for your partners? Would you be looking at the private, non-profit, and government sectors?

• (1045)

Mrs. Farah Mohamed: Absolutely.

Mr. Massimo Pacetti: So how much would it be for government?

Mrs. Farah Mohamed: I'm glad you asked that question. It's absolutely one of the keys to this program. We're saying that of the \$5 million, we'd like 50% to come from profit and not-for-profit and the other 50% to come from government. To this date I'm thrilled to tell you that we have commitments of \$1.8 million from private and not-for-profit, and the—

Mr. Massimo Pacetti: My time's limited, so how much are you looking for from the provincial and federal governments, and where would it come from in the federal government?

Mrs. Farah Mohamed: We're looking at \$833,000 per year for three years from the federal government for on-reserve populations. We have met with the Ontario government and they've expressed an interest, but again we come down to that provincial-territorial-federal relationship. That's why we say we need a maximum of \$833,000 per year from the federal government for three years.

Mr. Massimo Pacetti: Great.

Mr. Lockyer, you're based here in Vancouver, but how do you coordinate your activities across Canada?

Dr. Nigel Lockyer: We're owned and operated as a joint venture of Canadian universities, so we have a board of management that runs the lab I report to.

Mr. Massimo Pacetti: So the main lab is here in Vancouver.

Dr. Nigel Lockyer: Correct. It's on the UBC campus.

Mr. Massimo Pacetti: Then logistically how do you work with the other universities?

Dr. Nigel Lockyer: TRIUMF has what I would call world-class infrastructure for doing experiments with isotopes. Canadian universities and the international scientific community come here to do their research.

Does that answer your question?

Mr. Massimo Pacetti: Yes, that's fine.

So you're looking at getting a large facility.

Dr. Nigel Lockyer: We have the existing infrastructure—12 acres on the campus. We're asking in our five-year plan to build a new accelerator that would generate many isotopes for research, but also isotopes that are needed for the medical crisis now.

Mr. Massimo Pacetti: Okay. I didn't realize you had 12 acres.

Thank you.

Mr. Silvester, a lot of money has already been given for the Pacific gateway. It's challenging because of the number of requests the committee gets. There's also the fact that we represent different regions. I'm from Montreal and we have a very vibrant port. It hasn't had the growth that the ports in B.C. have had.

How do we say that more money should be allocated out east versus out west, or out west versus out east? Doesn't the port already take in revenue? Shouldn't some type of calculation be made in terms of distribution? Wouldn't you be able to finance most of your infrastructure? Can you clarify that for me?

Mr. Robin Silvester: Certainly.

As you're probably aware, the port doesn't receive funding for operational activities. It's mandated under the Canada Marine Act to be a self-sustaining entity to operate the port for trade. Through our financing ability we typically operate and ensure the activity of all of the terminals. We have a continual program to invest in terminals and infrastructure throughout the port jurisdiction.

Mr. Massimo Pacetti: So if you do more business you would actually suffer, because you would have the same amount of money or....

Mr. Robin Silvester: No. The money is not directly linked to volume, because a lot of our rents tend to be fixed. But generally, as volume increases, the revenues of the port increase.

On the importance of these specific infrastructure projects, as with the rest of the Asia-Pacific gateway projects in Vancouver, this infrastructure is outside the typical jurisdiction of the port. It is road-rail interface infrastructure, or, in the case of the training walls, they're federal assets that have never had an alternative method of funding other than federal funding.

Mr. Massimo Pacetti: I understand there's an economic development part, but is there a specific calculation for volume, so you would say, "We're entitled to x number of dollars for additional investment for infrastructure"? Is there a magic number? That's what I'm looking for.

Mr. Robin Silvester: I don't believe there has been a specific calculation that x volume gets y dollars. But I know that Transport Canada has had significant discussions with stakeholders about where benefit accrues from the investments and how investments should best be funded. So typically the private sector is bringing 50% or more to the table in the gateway investments that are taking place.

The Chair: Thank you, Mr. Pacetti.

We'll go to Monsieur Laforest.

[Translation]

Mr. Jean-Yves Laforest: Thank you, Mr. Chair.

My question is for Mr. Otway. You made some recommendations, having so much experience in fisheries and the management of fish and salmon stocks. You are asking the government to spend \$200 million over the next 6 years on revitalization.

Are you fairly sure that this will have a positive impact? You even mentioned potentially doubling salmon stocks. Is that realistic?

• (1050)

[English]

Mr. William Otway: There are two aspects. First, if we fail to do this we will lose what we currently have. Our natural production is disappearing. I'm not talking about upgrading what we have; we need to look at new options and new facilities.

I'll give you an example. We have about 850 to 900 steelhead coming back to the Thompson River this year. The Salmon River and the Clearwater River in Idaho have already passed 350,000. Last year we had zero angler days at \$100 minimum per angler day on the Thompson River. From their hatchery production they had almost 300,000 angler days on those two rivers. That generates \$19 million to \$20 million minimum in economic activity. If we don't do this, we

won't maintain what we have. If we do it, we'll have an excellent opportunity to expand and sustain our fisheries.

As we develop a plan, we may find that we want to switch or have to switch to other species than salmon, but that's part of what the planning process is about.

[Translation]

Mr. Jean-Yves Laforest: Basically, if we look at the return of commercial fishing versus sport fishing, we see that sport fishing creates more jobs and has a stronger economic impact than commercial fishing.

Do you not think that maybe you should increase the sport fishing share at the expense of commercial fishing, or do they go hand in hand? To protect sport fishing, I would imagine that there has to be less commercial fishing.

[English]

Mr. William Otway: No, I believe and have always believed they go hand in hand. The first thing you have to understand is that the recreational fishery generates \$1.4 billion and harvests less than 10% of the total run. So its impact is minimal and it leaves a large amount of stock available for commercial harvest. Why would you not take advantage of that?

With proper management, one need not necessarily infringe upon the other. Together they're worth more than either one on its own.

[Translation]

Mr. Jean-Yves Laforest: I have one last question. In your second recommendation, you said that the funds dedicated to this program should be under the control of the Pacific Region of DFO and not the deputy minister or the Ottawa Mandarins.

Do you have specific examples to show that, when things are controlled by Ottawa, either they do not work well or they do not work at all?

[English]

The Chair: You have about 30 seconds, Mr. Otway.

Mr. William Otway: The numbers or the examples are legion. First of all, in the main, the people in Ottawa have no experience in fisheries management and no experience in fisheries. They simply direct money to their specifics. We've seen SEP reduced dramatically over the timeframe. On habitat stock, the habitat protection budget has been reduced by 90%. Ottawa controls the budget and puts it where it wants to, and we're saying that we want the people of British Columbia and the people out here—

• (1055)

[Translation]

Mr. Jean-Yves Laforest: I totally agree with you, and it is the same in many other areas.

[English]

The Chair: *Merci, monsieur Laforest.*

Mr. William Otway: There's no question—

The Chair: Mr. Dechert, please.

Mr. Bob Dechert (Mississauga—Erindale, CPC): Thank you, Mr. Chair.

Ladies and gentlemen, thank you very much for all of your comments and suggestions. It's a real pleasure to be here in beautiful British Columbia.

My first question is for Mr. Wilson of the Surrey Board of Trade. I was encouraged by and interested in your comments about tax issues. As a member of the finance committee, I met recently with the chief economists of all the major Canadian banks, and I'm pleased to see that our government is on track to reduce our corporate tax to the lowest level in the OECD by 2012, which, according to the chief economist at the Toronto Dominion Bank and also Mr. McCallum's successor at the Royal Bank of Canada, will contribute greatly to Canada's economic growth, trade, and investment in the future.

I spent the first few years of my career as a tax lawyer. I've dealt with the issue of tax consolidation for many years, so I understand it. I can tell you that it makes for good work for lawyers and accountants, but I don't believe it's good for business. So I'm pleased that you've raised this, as I think it's something we need to definitely look at. Certainly, our major competitor, the United States, allows this kind of tax consolidation, and it's very beneficial to business organizations in the United States and it helps them grow their businesses.

I wonder if you could tell us what the estimated cost to the government in terms of lost revenue might be from making such a change. Also, could you give us a description of what you think might be the estimated economic benefit to Canada, such as a change in the income tax laws?

Mr. Eric Wilson: I alluded to the lost revenue calculation on consolidated corporate filings in my presentation. There are strategies and techniques that permit it. I'll give you a perfect example, which is the vertical amalgamation of losses going to Profitco. Losses become available to Profitco the day after.

The problem with this is that it's complex. As you say, it's great work for lawyers and great work for accountants, and it's unnecessarily expensive. It can also put a business potentially at risk if there's an unfunded liability in the Lossco, generating losses. The amalgamated entity would assume that liability and put it at a disadvantage.

So from a lost revenue perspective, I don't see that there's a great deal that would otherwise be lost. There would be a cost saving to the business earning the income itself in view of the fact that it has simpler compliance requirements, simpler compliance techniques, and less of a professional fee burden on its cost of doing business in Canada relative to a business in the States. That would be a starting point for the valuation of it.

I am a chartered accountant. I'm a partner with a national firm. When we have different business entities segregated into different corporations, there are techniques that can be applied, as I mentioned, but they're also not without risk. For example, there's transfer pricing domestically. There's a wonderful word in the Income Tax Act called "reasonable", and that causes more grief for the adviser and the advisee in getting concrete, solid advice they can

sleep on as to what is reasonable, because one person's reasonable is another person's unreasonable. It's an uphill "guilty until proven innocent" type of process when you fight an assessment on that basis.

This would eliminate the uncertainty caused by that. It would create, at the business level...the money he doesn't spend on the professional advice goes into the income pool, which generates more tax revenue on the same basis. I think it would require an economic study to give you a concrete example, but speaking from my own experience, and perhaps piggybacking on yours in your other life, I'm not so sure the lost revenue would be significant—if any.

Mr. Bob Dechert: Thank you very much for that. I think it was Lord Bowen of the British House of Lords who said that what's reasonable is what the "man on the Clapham omnibus" thinks.

Do I have more time, Mr. Chair?

The Chair: Yes, you have about one minute.

Mr. Bob Dechert: I'd like to direct my next question to the Prince Rupert Port Authority.

You mentioned that you need more investment in certain kinds of facilities. I believe you mentioned a cold storage facility. I wonder if you could describe for us what commodities or products those facilities are required for. Could you give us more details on that, and where are they going in the Asia-Pacific region?

Mr. Don Krusel: Fishing is obviously a big industry on the north coast and also on the Alaskan panhandle, and we're the closest port to that industry. A lot of the market is in the Asia-Pacific. Now that we have a container facility located in Prince Rupert, the next stage for integration of that industry into the transportation industry is to have cold storage facilities so that fishers in the region can have access to global markets.

• (1100)

The Chair: Thank you.

As the chair, I have two issues I want to clarify. I'll put them both on the table.

With respect to TRIUMF, I have been there. We were there with our last committee, and it was a wonderful tour you gave us, Nigel.

You talk about the operational fund. This is sort of the issue of the operational funds for big science projects. It's an ongoing challenge that we've discussed. Do you have any recommendations as to where the funds should come from? Should it be a separate fund? Should it be through granting councils or specific to each institution?

The second question is for the Prince Rupert Port Authority with respect to the third recommendation, about amending the Canada Marine Act. It seems to be a fairly reasonable recommendation that I've heard before. I'm not sure what the argument is against it. Could you highlight for the committee why you're getting opposition? What sort of opposition are you getting, or is it just the fact that it has not been acted on in the past?

Mr. Lockyer, very briefly, because we are running out of time.

Dr. Nigel Lockyer: This was discussed with Minister Clement. His suggestion was multiple envelopes, which may mean something to you. We were sent off to a couple of other ministries to discuss our impact on them—for example, NRCan.

As concerns the national science facilities getting support, I think they need process. They don't have process now.

TRIUMF has process because it has been around for 40 years, so every five years we get this international peer review. The NRC reviews it, makes a recommendation, and writes an MC. There should be something similar for SNOLAB, Canadian Light Source, NEPTUNE Canada and VENUS, and the Canadian Arctic ice-breaker. It's obvious from my standpoint that they need the same thing that TRIUMF has.

Mr. Don Krusel: A quick, succinct answer to your question is that the Canada Marine Act was recently amended. There were some really good amendments in there that have improved the ability of port authorities to operate. However, for a port authority such as Prince Rupert, we still have severe limitations on our ability to go out like any commercial private sector company and get funds elsewhere. We probably would not be seeking the same type of funding from the federal government if we had access to commercial markets in the same way as a private sector entity has. That, in a nutshell, is what we would like to see, so that we can go out and not only borrow, but find other creative ways of getting financing for some of these projects that we're trying to develop in our gateways.

The Chair: Thank you. I appreciate that.

I want to thank all of you for your presentations here today and for responding to our questions. Thank you very much for your input.

Colleagues, there are a few logistical issues. We were supposed to meet downstairs immediately for our site visit. For those of you who have not checked out, we'll do so after we come back from the site visit. We'll take a quick break and meet down there in about five minutes.

Thank you.

- _____ (Pause) _____
-
- (1235)

The Chair: I'd like to call the meeting to order.

This is still the 43rd meeting of the Standing Committee on Finance. We have our third panel with us here this afternoon. We have two panels continuing our discussion in pre-budget consultations across Canada.

We want to thank all of the witnesses for coming before us. We're sorry that we're a few minutes late, but we had a tour of the port of Vancouver at lunchtime.

We have here with us eight groups for this panel, so we have a large number of groups. First of all, we have the Canadian Federation of Students, British Columbia; the Association for Mineral Exploration British Columbia; and we have as an individual, Mr. Graham Mowatt. We also have the Downtown Surrey Business Improvement Association; the Child Care Advocacy Association of Canada; the Federation of Community Action Programs for Children

of British Columbia Association; the Rick Hansen Foundation; and finally, we have the Human Early Learning Partnership here with us.

Welcome to all of you.

We'll have presentations to start with and we'll go in the order outlined above. We'll have presentations of up to five minutes maximum and then we'll go to questions from members.

Will the Canadian Federation of Students start please?

Mr. Shamus Reid (Chairperson, Canadian Federation of Students (British Columbia)): Thank you.

As you introduced me, my name is Shamus Reid. I'm the chairperson of the Canadian Federation of Students, British Columbia. Joining me today is Ian Boyko, who is our research and communications officer.

The Canadian Federation of Students, British Columbia, represents over 150,000 university and college students across British Columbia, and on behalf of our members I would like to thank the committee for the chance to provide input today.

Our recommendations to this committee will focus on how the federal budget in 2010 and beyond can enhance access to post-secondary education and reduce student debt, with a particular emphasis on the provincial context in British Columbia. Committee members, I understand, have our written submissions as well, so that provides further detail and context.

Over the last few years, the federal government has made some important decisions that were wholeheartedly welcomed by the Canadian Federation of Students and others in the post-secondary sector. The \$800 million increase to the Canada social transfer in 2007 was the largest single increase to federal funding in three decades. Replacing the Millennium Scholarship Foundation with an accountable and transparent grants program was enthusiastically embraced by students and has been successfully implemented this fall in B.C., but there is much more to do before the government can rest on its laurels.

In British Columbia we've seen tuition fee increases upwards of 100% since 2001, which has had a serious impact on the ability of students from lower- and middle-income backgrounds to pursue a post-secondary education in our province. Average university tuition fees have risen from \$2,592 in 2001 to \$5,040 today, 7% above the national average. The benefit of Canada's new grants program will decline as long as the federal government continues to allow tuition fees to rise year over year. The increase to the Canada social transfer that I mentioned earlier should have gone towards undoing the damage wrought by tuition fee increases. The fact that it didn't exposes a terrible flaw in the federal approach to financing universities and colleges.

B.C.'s share of the 2007 increase to the CST was approximately \$110 million. The windfall from that funding could have taken many forms: lower fees, larger institutional budgets, student debt reduction, or all of the above. Instead, overall funding to advanced education in B.C. in the year of the transfer was actually cut by nearly \$100 million; \$110 million in new federal funding failed to benefit a single British Columbian.

We have no reason to believe the scenario will change without a new federal-provincial strategy for post-secondary education. To ensure that Canada has a plan for becoming the best place in the world to study and research, no matter what province a student happens to reside in, the federal government should work together with the provinces to implement a national post-secondary education act. That's our first recommendation.

Akin to the Canada Health Act, a national piece of legislation would clarify roles and ensure accountability for the billions of federal dollars transferred to the provinces each year. In return, the provinces would gain a written commitment from the federal government to issue long-term support for post-secondary education under mutually agreed-upon principles.

In the area of student financial aid, in terms of our second recommendation, I have already mentioned the government's wise replacement of the Millennium Foundation. The new Canada student grants program is promising, but one area where I think most committee members can agree that there is room for growth is the level of assistance currently offered by the grants.

As we have outlined in our written brief, increasing funding to the grants program can be done, and should be done, without any new budgetary expenditure. Each year the federal government allocates more than \$1 billion to education-related tax credits. That's more than double the budget for the grants programs. The fact is that the higher up the income scale one is, the more one benefits from such tax credits, meaning that higher-income earners benefit twice as much from non-repayable financial aid as those who qualify for low-income grants.

We recommend refocusing this massive federal expenditure to those who actually need the dollars by reallocating all budgeted funding from the tax credits to the new Canada student grants program. Such a move could allow the federal government to triple the size of new grants, making a very significant dent in student debt.

Our final recommendation is especially important, I think, to western Canadians. Canada's aboriginal peoples have been denied justice on many fronts. One area that is fundamental to improving the lives of aboriginal peoples and is well within this committee's grasp is post-secondary education. The federal government has an obligation to guarantee that aboriginal learners who require financial assistance get it, and more broadly, the government has an economic obligation to prepare our workforce for the future. The federal government can begin to accomplish this by removing the unnecessary 2% cap on funding to the post-secondary student support program.

I'll end there with those three recommendations and perhaps go into more depth during the question period.

I thank you all for the opportunity again to present, and I look forward to your questions.

• (1240)

The Chair: Thank you very much for your presentation.

We'll now go to the Association for Mineral Exploration British Columbia.

Mr. Gavin Dirom (President and Chief Executive Officer, Association for Mineral Exploration British Columbia): Good afternoon. I'm Gavin Dirom, the president of the Association for Mineral Exploration, and I'm here today with my colleague, Byng Giraud.

We have three recommendations to present in follow-up to our paper.

As a bit of background on AME, we represent over 3,500 individual members and 300 corporate members, and we were established in 1912. This province actually produces about \$6 billion of investment every year to explore here in B.C. and around the world, and in production money, production equates to about \$8 billion of revenue.

With that, there will be three presentations today: one related to infrastructure, one related to tax cuts, and one related to harmonization of the federal and provincial regulations.

Before I do that, perhaps Byng can give a quick thank you in regard to the Highway 37 power line.

Mr. Byng Giraud (Senior Director, Policy and Communications, Association for Mineral Exploration British Columbia): In one of my other incarnations, I served as general secretary of a coalition of industry, independent power producers, first nations, and 40 local governments in the north of this province. We've been pushing for funding and support of a power line in the northwest, which some of you may have heard of, the northwest power line or Highway 37 project. It was actually part of our recommendation.

Since the recommendation letter was forwarded on August 14, we are very pleased that the federal government to date has chosen to put \$130 million towards the construction of this line in the northwest of British Columbia. So one of the most significant elements of our asks has perhaps already been fulfilled, but we wanted to thank you for that.

• (1245)

Mr. Gavin Dirom: Related to that, perhaps there's an opportunity for investment in knowledge infrastructure, and on that one I'd like to recommend further investment in the Geological Survey of Canada.

We have two other recommendations.

The first one is for tax cuts. We've had something called the mineral exploration tax credit here in Canada since 2000. No matter the government, every year it's been recommended that it go forward and be maintained. So the proposal today is that we make it a permanent fixture of our tax credit system here in Canada to maintain our competitiveness with Australia and other jurisdictions. So our primary recommendation is to maintain the METC and make it permanent. In terms of specifics, it could perhaps move from a 15% rate to a 30% rate. That's in support of PDAC, our national body representing explorers and developers.

The other main recommendation, or third overall, relates to harmonization. Canada and the Province of British Columbia, for instance, are challenged to harmonize the environmental assessments, the permitting process for new mines. What we'd like to see is a concerted effort with respect to delegation of authority or work from the federal government to the province, perhaps a devolution of decision-making to the province from the federal government, and going forward, perhaps an amendment to the Canadian Environmental Assessment Act that would include timelines one way or another to address the fact that these projects are stalled and that it takes many, many years to get billions of dollars' worth of projects into operation, which is unnecessary and inefficient. This isn't about effectiveness; this is about it being efficient.

With that, I'd like to thank the committee and members of Parliament.

The Chair: Great. Thank you for your presentation.

We'll go to Mr. Mowatt, please.

Mr. Graham Mowatt (As an Individual): Good afternoon.

Unlike other presenters, I am not requesting funding from the government. Canada is at a crossroads. A major paradigm shift is essential, not only in how the federal government operates but also in the expectations of Canadians, in order to prevent an end to what we all enjoy and expect as Canadian citizens.

Our world has changed in a dramatic way. Canadians, however, still believe the federal government exists solely to provide moneys for everyone's pet project. The economic demands resulting from global warming, global terrorism, an aging population, and the possibility of a pending pandemic require a major shift in federal spending practices.

The budget deficit now projected to last several years will be difficult to pay off and will hamper the necessary spending shifts needed to address this new reality, without a total change in the way that government operates. The fact that the application for submissions to this hearing only speaks about additional spending, new ways to spend moneys we don't have, and doesn't even mention the possibility that perhaps spending less may actually be beneficial indicates how out of touch our government and politicians are with reality.

Areas where spending should occur include the historical downsizing of the federal bureaucracy. Essentially, one result of the constant expansion of the public sector is that Canadians are refusing to vote, as no party is willing to deal with the ever-increasing growth and subsequent waste of the bureaucracy. As a

result, governments are being elected by an ever-decreasing fraction of the electorate.

The Canadian public considers the federal government a body that ensures the waste and bad practices of the past continue, instead of being the body providing the solution to our problems. Only the federal government could justify the spending of \$3 billion in order to manage the spending of billions more in the infrastructure program. We can no longer afford this insanity, either economically or socially. Change is essential. It is time for someone to say, "Enough".

A decision must be made to determine which body is responsible for governing Canada, the PMO or cabinet. The PMO is a control issue and it's totally superfluous. Its funding should be cut dramatically.

Major reduction in the size of cabinet is also essential to demonstrate to Canada that government is serious about cutting costs. All ministers of state should be eliminated, along with much of their bureaucracy. Necessary agencies could be combined with existing ministries. As an example, opportunity agencies could be placed with intergovernmental affairs.

Several ministries should be collapsed and placed, again, in existing ministries—heritage to citizenship, natural resources to environment, public safety and veterans affairs to national safety. Considerable downsizing of government is essential.

The tens of millions of dollars presently given away for so-called multicultural special events such as parades, fairs, and celebrations is badly needed elsewhere. It is absolute insanity that Canadians are required to wait for months for pain-relieving or life-saving operations due to the lack of funding while moneys are given away to support social activities.

Due to our aging population, the Canada Health Act must be amended to permit access to private care for all Canadians, similar to what is already enjoyed in Quebec. If we in fact are living in a free society, Canadians should be allowed to spend their own money to speed up their diagnostic or surgical operations that they choose. The only requirement necessary to preserve the concept of universality would be to require physicians to maintain their current commitment to the public system. Prohibiting them from earning an appropriate living by limiting the amount of time they can practice due to the lack of public funds encourages them to leave Canada and must end. The implementation of competition will encourage the public system to reduce waste, especially in administration costs, and improve service and access.

Governments around the world are contemplating spending billions of dollars to deal with global warming. No money should leave Canada in the insane idea that giving another country funding for carbon credits somehow will remedy the greenhouse gas issue. Credits should be only spent internally, if at all. The fact that the greatest sinks for greenhouse gas are the oceans of the world is not only being totally ignored, but they continue to be destroyed by countries around the world that use them as a disposal zone for every toxic pollutant known. It will end up destroying this planet. The entire ecosystem of the oceans is being destroyed by pollution, acidification, and warming of the water.

• (1250)

One possible solution would be to implement a pollution tax on all products, determined by the amount of pollution created by their production and delivery to market—and not just carbon, but all gaseous, liquid, and solid pollutants as well.

The notwithstanding clause must be enacted to correct a major error made in the sixties. Canadians should have rights. However, in return, they must accept some personal responsibilities for their actions. Rights should not be available regardless of one's lack of responsibility. A person who commits serious crimes against the state should lose their rights. Immigrants or those allowed to enter our country as refugees must respect the laws of our society. Immigrants and refugee claimants guilty of committing serious crimes against Canadian society, for example, murder or the production and selling of drugs, should be deported immediately, as is presently done in numerous other countries. The spending of any funds to defend people who have spat on the hands of our of kindness is unacceptable. Those found guilty of entering Canada illegally should be deported immediately. The government's responsibility to protect and provide security for law-abiding Canadian citizens must take precedence.

Thank you for the opportunity to speak to you this afternoon.

The Chair: Thank you, Mr. Mowatt.

We'll now go to Ms. Model.

Mrs. Elizabeth Model (Executive Director, Downtown Surrey Business Improvement Association): Good afternoon, everyone, and members of the Standing Committee on Finance.

My name is Elizabeth Model and I'm representing the Downtown Surrey Business Improvement Association, the City of Surrey, and the Surrey Campus of Simon Fraser University.

With 465,000 people—and growing—Surrey is British Columbia's fastest growing region and our 12th largest city in Canada. Put into perspective with the United States, we would rank 35th population-wise—larger than Sacramento, California, that state's capital, and Miami, Florida. It's a youth-oriented city. It's rich and diverse, with an intertwining of ethnic and cultural backgrounds that brings a special vibrance and mix to the City of Surrey.

Our forward-thinking mayor, Dianne Watts, and her team of councillors and city staff have commenced work on the very large first-phase civic centre project in downtown Surrey, for which you have brochures. It comprises the commercial, business, residential, educational, and entertainment sectors, all brought together in one metro downtown core.

The first funding we're going to request is to complete a project on the Surrey campus of Simon Fraser University. It's an internationally recognized and innovative university. It's repeatedly ranked first in *Maclean's* survey of universities as Canada's premier university, due to its innovative teaching and scientific research and development activities. It targets and attracts future entrepreneurs, who are supported in the student venture program, which utilizes internationally recognized business people who participate in the program as mentors for enrolled students. This fall they have surpassed their target enrollment by 20%, and they have waiting lists.

Simon Fraser University requires a new health sciences and technology building on previously purchased SFU-owned land, a project budgeted at \$16 million.

The second thing we're requesting is a proposed arts and cultural component for the downtown core, a 1,600-seat flex theatre and 250-seat studio theatre, which will be a draw for arts, entertainment, cultural, and learning activities. It will also act in conjunction with Simon Fraser University for large-scale lectures, conferences, conventions, and multimedia presentations. It will act as a catalyst, bringing the community together to create a positive, upbeat designated area for drawing more people to the metro downtown core of Surrey.

The economic spinoff is huge. More people equate to more jobs; more jobs, more services; more services, more business, more activity, more investment. It equates to a larger tax base and also has a multiplier and trickle-down effect within the community, where everyone will benefit, both the profit and not-for-profit sectors. It creates a healthy, vibrant, and balanced community.

The required funding for the City of Surrey's arts and cultural component is \$150 million.

Finally, we ask for your continued support and endorsement of Service Canada's student employment program, which obviously allows for wonderful learning opportunities for our youth—and our youth are our future. We all remember our first job and what it taught us, or didn't teach us, in life and where we wanted to go. So we ask for your continued support with regard to that program.

So what are we asking of you?

We're asking you to lay the foundation for our future growth in Surrey—liveable, vibrant, downtown Surrey. It's exciting, it's happening, it's Surrey. So believe in us, invest with us. The future lives here in Surrey.

• (1255)

The Chair: Thank you very much for your presentation.

We'll now go to Ms. Harney.

Mrs. Susan Harney (Representative, Child Care Advocacy Association of Canada): Thank you to the members of the committee for this opportunity to present today. My name is Susan Harney and I'm here for the Child Care Advocacy Association of Canada.

I think this is the 25th year that I've presented to the federal committee on child care. I remain optimistic that perhaps this is the year the committee will hear the arguments about the benefits of child care to children, the workforce, and particularly the economy, and this will be the year that our government will choose to prioritize the building of a national child care system.

Over the years we have provided you with a multitude of studies that clearly demonstrate that child care and early learning opportunities are good for Canada's kids in health outcomes, reducing poverty, minimizing later difficulties in learning, and preparing our children to be able to compete in the future global economy. Those studies have shown that child care and early learning is good for working moms. Let us be clear that over 70% of moms with young children are working. This is not a special interest group any more. These moms need support to be able to work.

Those studies have shown you that dependence on the market-based approach has failed. In Canada no matter where you go there are long wait lists for child care. The service is unaffordable for many families, and there is no guarantee of quality. Those studies have shown you that Canadians want a national child care program. When polled, 70%, 80%, even 90% tell you that they want a national child care system and they feel the time is now. Finally, those studies have shown you that investing in child care provides good short-, medium-, and long-term economic benefits.

You may have heard this in a presentation this morning, but in case you didn't, this past Friday a brand new study came out from the Child Care Human Resources Sector Council. The report is called "Understanding and Addressing Workforce Shortages in Early Childhood Education and Care". I don't have copies to give you because it is so newly off the press. You can certainly go to the sector council's website and read the study there. It was done by Robert Fairholm of the Centre for Spatial Economics. He took about two years and analyzed many aspects of the economic benefits of child care. I'll highlight a couple of them.

Investing in child care is the biggest job creator. For every \$1 million in the sector, it generates almost 40 jobs. That is at least 40% higher than the next closest industry and four times the jobs generated by \$1 million invested in construction.

Child care jobs create other jobs. Every child care job generates 1.4 others through increased spending and parental workforce participation. Child care spending gives the economy a very strong boost. Every dollar to child care increases the GDP by \$2.30—one of the strongest levels of short-term economic stimulus of all sectors.

Child care investment pays for itself. Almost 90% of the cost of hiring 1,000 child care workers goes back to governments as increased revenue, and the federal government benefits the most.

Child care is good for society. Every dollar invested in quality provides a \$2.54 return in benefits.

Our first recommendation is to cease and desist misleading the Canadian public and the international community by claiming to spend \$5.9 billion annually on early learning and child care. That money is mostly in tax credits and does nothing to guarantee quality. There are no targets and timelines. It does not provide the Canadian

taxpayers with a guarantee of building spaces or making the service affordable.

• (1300)

Also, we would ask that you prioritize in the 2010 budget—and beyond—significant and increasing new federal transfer payments to provinces and territories, conditional upon their provision of a plan with measurable targets and timelines and approval of provincial legislatures, to build a system of quality, affordable, inclusive child care services. It is not just a matter of it being the right and good thing to do for our kids; economically, it makes sense.

The Chair: Thank you for your presentation.

We'll now go to Ms. Khazaie.

Mrs. Susan Khazaie (Director, Federation of Community Action Programs for Children of British Columbia Association): Hi. I'm Sue Khazaie. I manage early childhood and family resource programs at Abbotsford Community Services and am a director of the board of CAPC, Community Action Programs for Children, in British Columbia.

What is CAPC? CAPC is a program that's funded by the Public Health Agency of Canada to support young families with children under the age of six. It's those families that I'm here to talk about today.

I'm here to ask two things.

I'm so pleased that I'm following Susan Harney, because in Canada we need a comprehensive system that addresses the needs of young children and their families, and part of that, a critical part of that, is child care, as Susan has so eloquently said. However, another part of it, the part that I want to focus on today, is how we support parents to raise healthy children and to have their needs met in a way that creates a society where children thrive.

CAPC has been around a while. It's a program that is targeted at vulnerable families, young families. Originally, at its inception, it was designed to address families in crisis and to prevent unintentional injury. It has grown to look at the social determinants of health, to create opportunities for families to gain the skills they need to have to ensure their children succeed, and to draw in those families who are vulnerable and struggling. We are looking at the at-risk populations in the community. Seventy-five per cent of the families participating in CAPC programs live in conditions that would compromise or challenge their ability to parent their children successfully.

CAPC is an upstream investment. It's a prevention focus. It addresses the problems that families might have before they occur and gives them the tools and the skills to succeed so they can raise healthy children. It leverages resources in our communities so that the funding we get from the federal government is only part of the resources we apply to the issue at hand. Our communities rally around these programs tremendously. We have things where there's food contributed or where there are people who make quilts for others. We engage volunteers and the business sector in a number of ways. People want to support the young children of their communities to thrive.

CAPC programs look different in different communities, because when the funding came to communities, the communities were told to address the gaps they had in the community and to identify the specific needs of their families. So this looks different in each community. Having said that, I note that they all address vulnerability for children and families.

What do we know about vulnerability?

We're really lucky to have Paul Kershaw here today, who is one of Canada's leading authorities on early childhood vulnerability. I encourage you to listen to him. He will be able to make the point much more eloquently than I can.

But what we do know is that Paul and his colleagues have been looking at vulnerability in this province. There's been a tremendous increase in recent years in young children entering school not ready to learn. They're not ready to learn, not because of biological circumstances but because the opportunities to learn in early childhood have not been available to them. We have not provided them with an environment that nurtures them appropriately.

● (1305)

We know that children who aren't ready to learn when they enter school are more likely to continue to be struggling with situations of risk. It's something that we as Canadians cannot afford to miss—an opportunity now where we have approximately 212,000 young children under the age of five in British Columbia who deserve our best.

Today I'm asking you to please consider a comprehensive system that addresses the needs of young children and their families in Canada. Secondly, remember, CAPC programs are our successful initiative, and they are making a difference for the young children and families they serve.

In Abbotsford, with the funding I receive for CAPC programs from the federal government and the provincial contribution, I have \$45 per year per child. My opportunity to make a significant impact is limited. I ask you to consider that when you're making your budget allocations and increase that funding so that we can indeed make a difference for the children who deserve it.

Thank you.

The Chair: Thank you very much.

I'll go to the Rick Hansen Foundation, please.

Mr. Colin Ewart (Director, Government Leaders, Rick Hansen Foundation): Good afternoon. Thank you for having us here. We appreciate the opportunity.

My name is Colin Ewart, and I'm with the Rick Hansen Foundation. I'm accompanied by Daryl Rock, chair of the national Spinal Cord Injury Solutions Network.

In support of our written brief regarding the 25th anniversary of the original Man in Motion tour and our vision for the Rick Hansen institute, we would like to show you, on the screens just behind you, the following short presentation.

[Video presentation]

Mr. Colin Ewart: Thank you very much.

● (1310)

The Chair: We'll now go to our final presentation.

Professor Kershaw, please.

Dr. Paul Kershaw (Human Early Learning Partnership, University of British Columbia): Good afternoon. It's a pleasure to be here and a particular pleasure to build off the presentations by Susan Khazaie and Susan Harney.

I come from the Human Early Learning Partnership, which is a research institute based at the University of British Columbia. The quality of our research there is internationally recognized, including by the World Health Organization, which has named HELP the international knowledge hub in research about early childhood development. In the brief we submitted to you in the summer, the punch line is as follows. We as a society in Canada need to rethink our economic growth strategy to recognize the following thing: that strong economic growth requires strong family policy. If we neglect the latter, we will compromise our economic growth henceforth.

How do we know that? For the first time in Canada, researchers have calculated what it's costing us right now to have biologically unnecessary vulnerability as kids are in their early years. We know from that research that the cost of this brain drain in the early years, an unnecessary brain drain, is staggering. In British Columbia alone, it's equivalent to about \$401 billion, along with all of the interest that investment can earn over the next 60 years.

Thinking about that across the country from coast to coast, we're estimating that we're talking about trillions of dollars, which is a staggering cost. How do we know this? We have three sets of unique data that I need you to consider.

As Susan Khazaie said, we know that in British Columbia and many other jurisdictions around the country about 30% of our population arriving at the formal school system in kindergarten is vulnerable. We're not talking about wanting kids to be Mozart or the next Einstein at that age. We're talking about kids coming to school too tired to learn, without the motor skills to hold a pencil, having difficulty following directions or getting along with peers, not necessarily knowing 10 letters in the alphabet, and not being able to tell a story about their day in an official language.

Now, we then can track kindergarten children in every classroom in British Columbia, in every school district around the province, and watch what those kids do as they move their way to grade 4. We then can watch the entire population move from grade 4 to grade 7 and then from grade 7 to grade 12. With those observations—these are no longer predictions—we're able to understand what it means when kids come to school vulnerable in kindergarten, in terms of what it means to their later school success.

We know that were we to reduce early vulnerability from 30% down to 10%, where it ought to be, you would be able to improve kids' ability to earn grades that will get them into university by one third and you would reduce crime by one third. We can then link that research that looked between 1960 to the current date in asking how school achievement improves economic growth, how it influences economic growth.

There's a very robust economic literature that shows that countries are achieving lower rates of vulnerability. If Canada were able to emulate that and achieve better school progress through ages 9 to 15, we as a country could count on our economic growth going up by 0.63%. That doesn't sound very exciting, but today 0.63% of GDP in Canada is about \$9 billion, and we all know the promise of compounding interest.

It's with those kinds of figures, calculating over 40 years of a child's working career once they hit the labour force, that we're generating these alarming estimates of what we're throwing away today by allowing three times as many kids to be biologically vulnerable as there need to be. We can no longer say we don't know what we're throwing away. The question is, what do we do about it?

I really applaud the combination of the two Susans' presentations, with one talking about how we need to invest in services and the other saying that we need to support families with the time and resources they need, because all families need that combination of time, resources, and community support. It's not an either/or issue. Election campaigns of the past have pitted it as an either/or issue. That misleads the public and doesn't take us towards this place of recognizing that strong economic policy requires strong family policy.

We're making three recommendations for the federal government to implement. They're expensive and we are not ashamed of it. The first is to build on the system of parental leave. We have to extend it to 18 months in this country, reserving the bulk of additional time for fathers to take. That will cost about \$4.5 billion a year. We're also talking about eliminating poverty amongst families with young kids, or at least bringing it to below 5%, by enriching the Canada child tax benefit and the national child benefit supplement. That will cost \$6.2 billion a year. Last but not least, designing the kind of early learning and care system that Susan Harney mentioned would cost the country \$10.5 billion per year. The grand total is \$22 billion, give or take a wee bit.

• (1315)

This means that as you're deciding where to allocate money and thinking about family policy in the future, an extra \$100 million here or there may sound impressive, but it's no longer going to achieve what we need it to do. As a country, we can decide not to spend more. In fact, we're likely to do so in the current economic climate.

You have tough decisions, in part because our culture has not yet asked for us to spend so much more money. But no longer can we imagine that we are not wasting a tremendous amount of potential that ultimately will undermine our medium-term economic growth.

Thank you very much.

The Chair: Thank you.

Thank you to all for your presentations.

We'll start with our members' questions.

Mr. McCallum, we'll start with you. You have seven minutes.

Hon. John McCallum: Thank you, Mr. Chair.

Thank you to all for being here.

Perhaps I could begin with the three who talked about child care.

To Susan Harney, you say that maybe this time you'll convince the committee. I think you have already convinced the majority on the committee. The question is convincing the government. I would remind you that when we were the government, we had a \$5 billion signed agreement with the provinces for child care. I personally have been an admirer of Fraser Mustard for many years. It was the Conservatives who ripped up those agreements when they came to power.

I'm not saying that we could spend \$22 billion per year in year one. Even if you abolished the Department of National Defence, you'd still be short of money to fund that.

I would give one piece of advice to you, Ms. Harney, even though I'm with you in spirit. I would recommend that you not say that child care pays for itself, because it doesn't. People on the right sometimes say that tax cuts pay for themselves. They don't. It is equally untrue to say that child care pays for itself. I am an economist, and I know that you can build up big multipliers and show that somehow that's true, but it defies common sense. Ask the Province of Quebec if they think child care pays for itself.

So I just think you weaken your own argument when you add things like that, things that are not necessary to the argument and are patently untrue.

I'd like now to turn to....

Perhaps I should let you answer, if you want to. But don't be too long, please, because I don't have much time.

• (1320)

Mrs. Susan Harney: You go ahead.

Hon. John McCallum: Okay. Thank you.

There are two here from Simon Fraser. I've spent twice as much time in education, including four happy years at Simon Fraser, teaching, as I have in politics. I'd like to ask a question about students and a question about Simon Fraser.

First of all, to Shamus Reid, I agree in principle with your proposals, but I have anecdotal evidence that the situation facing students is substantially worse this year than, say, a year or two ago. Youth unemployment is at a record high, so more students can't get jobs. The parents of students are feeling the pinch because of the stock market crash and so on. I have heard that applications for student aid are at record highs because of this combination of circumstances.

Do you agree, based on your membership, that students are facing difficulties substantially greater than a year or two ago?

Mr. Shamus Reid: Thank you for the easy question, I guess, because I would say absolutely; I can't speak for every other province, but certainly in British Columbia student debt is at an all-time high.

You mentioned that youth unemployment is at an all-time high. We've seen tremendous difficulty, particularly for students from low- and middle-income backgrounds, to access education. If they are accessing education, they are taking on far more loans than they were even perhaps two years ago.

I'd like to take a moment to talk about just the debilitating impact of student debt.

Hon. John McCallum: Just a short moment.

Mr. Shamus Reid: Yes, certainly.

Part of the difficulty in the economy and the recession is the high level of consumer debt and the lack of spending. We're now graduating 22-year-olds who have, on average, upwards of \$30,000 in student debt and all the interest payments that go along with that. It makes it very difficult for them to then contribute after getting that education.

So it is very difficult, certainly. I think the federal government has a strong role to play in terms of ensuring that there is funding, that there are principles such that no matter what province you are born in or happen to be studying in, you will be able to access education without taking on staggering levels of debt.

Hon. John McCallum: On the subject of Simon Fraser, I've been to the campus a number of times for a variety of events. I have fond memories of having taught there, so I have nothing but best wishes for Simon Fraser. But when you just give out the number of \$60 million, are you asking the federal government to give all of that, or what are you saying in terms of how that is to be financed?

Mrs. Elizabeth Model: In life if you don't ask you don't get, so we're asking for the \$60 million.

Hon. John McCallum: That's from the federal government alone.

• (1325)

Mrs. Elizabeth Model: Yes, please.

Hon. John McCallum: Is that in the context of any particular program, or just in general?

Mrs. Elizabeth Model: In general—it's to support the building. The land is already currently owned by Simon Fraser University.

Hon. John McCallum: I'm wondering if it might fit into some sort of infrastructure program.

Mrs. Elizabeth Model: I would think so too.

Hon. John McCallum: Thank you. I just wanted to know if there was some cost-sharing approach, or something of that nature.

My last question is to Mr. Dirom on infrastructure. You said you thought part of the infrastructure funding should be put aside in particular for infrastructure of a nation-building nature. Michael Ignatieff in particular is very fond of that concept, but can you elaborate on what you mean by infrastructure that is nation building?

Mr. Gavin Dirom: My colleague Byng pointed to something such as Highway 37—the power line and the grand vision that would perhaps link it to Yukon, Alaska, and other places in British Columbia. That's nation building versus smaller local programs that have immediate benefits but perhaps not long-term benefits. That would encourage many more industries to develop and perhaps pay for these very important programs we're talking about today. So that's one example of nation building.

Another one is the Geological Survey of Canada, which basically surveys Canada for its mineral potential, and so forth. It creates that database of knowledge and information that we can then draw from. We can develop these resources for the benefit of all Canadians.

Hon. John McCallum: Thank you.

The Chair: Ms. Harney.

Mrs. Susan Harney: I didn't want to postpone my chance to reply; I just wasn't sure about the process you were using. If I could take two minutes, I want to ask Paul if he would reply to your question. Would that be all right?

The Chair: Mr. McCallum is out of time, but you can have 30 seconds maximum.

Dr. Paul Kershaw: The long and short of it is that child care services would pay for themselves over time. It's true that in the first three electoral cycles you wouldn't see more than 33% to 48% back, but over time it would remedy in part this massive brain drain we're permitting. That would pay for itself with dividends over the medium term.

The Chair: Thank you.

Thank you, Mr. McCallum.

We'll go to Mr. Laforest.

[Translation]

Mr. Jean-Yves Laforest: Good afternoon to all the witnesses.

I am very pleased to be here with you in Vancouver to consider your main concerns along with the other committee members.

Since this morning, several speakers have made recommendations to improve childcare services in order to improve the situation of children and reduce the poverty they face.

Ms. Khazaie, Ms. Harney and Mr. Kershaw, you all made similar recommendations, which means that this is certainly a critical issue that deserves further consideration.

I heard Ms. Harney say that she hoped that the Standing Committee on Finance would really hear her recommendations and make them a priority. A little earlier, Mr. McCallum was explaining where things stood. He said that he had not been able to convince the government and talked about the associated costs. I also heard Mr. Kershaw's response to that.

I think it is high time that society, be it in Quebec or in Canada.... As was mentioned this morning, Quebec is quite far ahead in terms of daycare services. There are costs, yes, but they must be seen first and foremost as investments. Children are our most valuable natural resource, both in Quebec and in the rest of Canada.

We talked about the vulnerability of children, which has its own costs. We said that a daycare system would significantly reduce the costs associated with that vulnerability.

I speak from experience. For 30 years, I worked with children who were vulnerable and who had many developmental difficulties. Based on my own experience, I can assure you that we can make great strides with respect to learning, which would significantly help families.

I urge you to continue to hammer home this message regarding early childhood services. I hope that it will be heard, even if you have to repeat it nearly 26 times before it comes through loud and clear. I wish you well on that mission. It is essential to continue, because I think that is really where the future lies.

We are talking about investments. So we should not look at it in terms of immediate costs. We have to remember that our future will depend on what we have done for our children. That is vital, and there are many of you making that point. I encourage you to continue.

There are all kinds of ways to find money. Mr. Mowatt, you suggested a number of things that could help improve the various services including daycare service—even though this suggestion may not be yours. I think that some of your suggestions could help the government improve how it manages and takes in money.

The Bloc Québécois has already put forward some very specific measures. It has already made certain recommendations to the government, which are still valid. We mentioned that if the government committed to not staffing one in three positions in the federal public service, it would save several billion dollars, which could be used to provide services like the early childhood services we hope to implement Canada-wide, while increasing transfers.

In my opinion, it is very important to do it by increasing transfer payments, because this is under provincial jurisdiction. Quebec did it without waiting for any such payments, but it is important to

establish these services through actual transfer payments. It is also important that the federal government not get involved in provincial matters, especially early childhood services.

I would like to hear your thoughts on that, ladies and gentlemen.

• (1330)

[English]

The Chair: Mrs. Harney.

Mrs. Susan Harney: I'm not an economist, but I know that Canada spends money, and we find money to spend on things that we think are important. So whether the money comes from a reduction at a bureaucratic level or wherever, we need to make this investment now.

[Translation]

Mr. Jean-Yves Laforest: Mr. Mowatt, you nodded your head when I said that the Bloc Québécois had already suggested reducing the size of the public service. This reduction would be pain-free because it would only affect positions where people were retiring or leaving their job; these positions would just not be filled again.

[English]

Mr. Graham Mowatt: Thank you.

I totally agree with your statements. I was a public sector worker for over 30 years. If there's a way of wasting money, government infrastructure is the way to do it. I can't agree with you more on the billions of dollars that government is presently putting into infrastructure. What better infrastructure could there be than child care instead of the billions of dollars being spent on roads and various other projects, even in my own municipality? It makes no sense.

You might be interested in the radio program I was listening to on the way to this meeting, where people were saying that the Bloc should be running people for election in other provinces across Canada because your party does have some very good ideas that do have effect across Canada.

[Translation]

Mr. Jean-Yves Laforest: I will stop there.

[English]

The Chair: *Monsieur Laforest, vous avez 30 seconds.*

[Translation]

Mr. Jean-Yves Laforest: I will speak again during the second round.

[English]

The Chair: *Merci.*

We'll go to Mr. Dechert, please, for seven minutes.

Mr. Bob Dechert: Thank you, Mr. Chair.

Thank you, ladies and gentlemen, for your presentations.

My first question is for the Association for Mineral Exploration British Columbia, and Mr. Giraud.

One of your suggestions was that the government work to harmonize environmental assessment processes across the country between the federal and provincial governments. It sounds like a good idea to me. How do we go about doing that? What would you suggest?

• (1335)

Mr. Byng Giraud: Thanks, Mr. Dechert.

Yes, the devil is in the details.

The federal government, current and previous governments, have signed harmonization agreements with most of the provinces to try to make these regulations a little more streamlined.

There's a simple thing that could be done, frankly. In British Columbia we have legislated timelines in our environmental assessment process; things have to be done by a certain time. There are opportunities and options to halt the clock, to pull the process back, but generally there is a legislated timeline; you must get through the process by this date.

The federal government, under the current CEA regime, has no timelines associated with it. We think this would be a simple thing. I know CEA is up for review in 2010 and it should be considered.

We're not talking about taking the federal government's statutory authority away. We're not talking about getting the federal government out of this business. What we're talking about is recognizing that a biologist is a biologist is a biologist. For a geologist, an expert on explosives in federal jurisdiction, these processes do not have to be duplicated at every level.

And some of that comes from the federal government simply saying, we recognize the work you've done as a province.

Mr. Bob Dechert: Thanks very much.

I assume you'd agree that the federal support for the power line you mentioned earlier as an example of nation building is a good use of money—and perhaps Mr. Mowatt would agree with that as well.

If you wouldn't mind, for a moment, since we've come all this way, tell us how your industry is doing now during the global recession. How has it been impacted in the last year or two, and how does it compare with our competitors in other countries?

Mr. Byng Giraud: British Columbia has been doing relatively well, like many parts of the world, from the commodity boom we experienced up until last year. There has been a setback; you'll see it around the world. But compared with other natural resource sectors, such as forestry, which was already having difficulties before the recession, and certainly compared with the declines we've seen in the gas and oil sector, our sector isn't doing quite as badly.

Now, we are seeing an impact, layoffs and other challenges, but we think we are probably in a better position because of demand in the Asian economies that's helping the British Columbia and Canadian economies come out of this faster. I think that's why it's important to pay attention to our sector, because we are probably one of the ones that can lead us out of this.

As Gavin said earlier, the \$500 million we pay in taxes per year in this province could probably be doubled if we adopted some of these

recommendations. And that goes to pay for everything else being asked for here today.

Mr. Bob Dechert: Do you expect the infrastructure funding going on in various projects across the country will have a beneficial impact on your industry?

Mr. Byng Giraud: Absolutely.

Nation building is a strange euphemism. We've tried to come up with a way of describing the difference between two equally important types of infrastructure. With a museum or a sewage system, the challenge with those things is that they have future operating costs for a government. Taxes have to pay for them as time goes on. You'll get the bulk, the burst of construction, but then you have to have tax revenue to pay for those things going forward.

The thing about something like a power line or a road or an airport is that at a certain point the revenue it generates will be self-sustaining. A power line, in the long term, does not require future government operating costs. It's a tax revenue creator. You create business along the line. Vancouver airport doesn't require operating moneys; it actually pays money to the federal government. That's the difference. You have to do both kinds of infrastructure, because you need to enable the private sector to generate these revenues.

Mr. Bob Dechert: Thank you very much.

My next question is for Ms. Harney of the Child Care Advocacy Association.

I know you've advocated for a national child care program. I wasn't sure, though, if I heard you suggest what you thought the cost of that would be on an annual basis. I may have missed it.

Mrs. Susan Harney: We're looking at some of the international benchmarks, so, for instance, right now Canada is spending less than 0.3%, and we're talking about beginning at 0.7% of GDP and moving up to 1%. A target could be achieved by—I'm just looking at my notes because the numbers in my head are not the easiest—increments of \$1.5 billion annually.

It's not going to all happen in the first year, we understand that, and the system needs to grow. It will be a significant investment, as Paul said, but it does, I still say, pay for itself and beyond.

Mr. Bob Dechert: Yes. I'm just trying to understand what the numbers are. I think one of the speakers this morning suggested the number \$5 billion a year—

• (1340)

Mrs. Susan Harney: Yes, \$5 billion to \$6 billion annually.

Mr. Bob Dechert: That's the range. As you know, Mr. McCallum's party, when they were in government for 13 years, proposed a universal child care program—and Mr. Pacetti's party as well, as a matter of fact—but as we know, they never actually delivered on that.

Why do you think that is? Why wasn't it done in 13 years of continued—

Mrs. Susan Harney: Why do I think?

Mr. Bob Dechert: Yes, why do you think they weren't able to deliver?

Mrs. Susan Harney: It's beyond me to get into the heads of politicians. I'm not quite sure.

Mr. Bob Dechert: They've been advocating this for a very long time; they had majority governments, successive majority governments, and yet were unable to deliver. Why do you think that was?

Mrs. Susan Harney: I think there is some ideology over the years that has gotten in the way. I think that women working in the workforce haven't been taken seriously throughout the years. I think we pay lip service to our children in Canada and say they're our most important resource, but I don't think we always step up to the plate and do the right thing by them. So I think there are a number of factors.

There was the provincial-territorial and federal agreements that the previous Liberal government had moved forward with, and we were in a position to start transfer payments with some conditions—as weak as they may have been, there were some conditions. Why the Conservative Party chose to come in and rip up those agreements, I think you'd have to ask Mr. Harper.

Mr. Bob Dechert: I guess we can wonder if that promise would have been followed through on as well, but I have a question for Ms. Khazaie.

The Chair: I'm sorry, we're out of time, Mr. Dechert, but there will be time for a second round.

Okay, let's try to keep our questions to the witnesses here.

We'll go to Mr. Julian, please.

Mr. Peter Julian: Thank you, Mr. Chair.

Thanks to all the witnesses.

This is very important. Ottawa is a bubble, I can tell you, being a British Columbian. You go there and there are lobbyists and very little discussion of what's happening in the daily lives of Canadians. So the fact that you're here today helps break that bubble and provide a healthy dose of realism that we need to take into consideration.

I'd like to start with Ms. Harney. The fact that you've come here 25 consecutive times and we still don't have a child care program and international standards in place is at the same time a little depressing, but it also shows to what degree activists like yourself are determined to keep pushing until Canada joins the modern age and actually puts in place a national child care program.

Mrs. Susan Harney: Thank you.

Mr. Peter Julian: I appreciate your dedication to that.

I'd like to ask you and Ms. Khazaie and Mr. Kershaw to put it in simpler terms. If we make these investments in early childhood and learning—the NDP has brought forward a bill on that subject, and as you know, Jack Layton certainly feels very strongly about it as well—for every dollar we put into this, how much do we save later on, and what is the price of not acting, as standards and the quality of life for our children continue to deteriorate?

Dr. Paul Kershaw: On the brief that we submitted, we show that the cost of accepting biologically unnecessary vulnerability for kids, so accepting 30% of kids coming into school not ready to learn,

equals in one province alone about \$400 billion over about 60 years. Across the country that's a cost of \$3 trillion. That's fine for me as an economic growth strategy, where you can actually grab \$3 trillion in growth. It's in the minds and bodies of the kids that are in kindergarten today. We can decide not to invest in it, but that's what we're forgoing.

Mr. Peter Julian: No, I want you to put it another way. You're saying there's—

Dr. Paul Kershaw: Okay. Over that number of years, the ratio of return is 6:1, but you have to be patient. Mr. McCallum is right: you're not going to get \$6 for every \$1 you invest tomorrow or even in the first three electoral cycles. Why? Because the kids need to grow up and get into the labour market. Once they're there, the returns start coming much more quickly. If we can be patient, it's an enormously valuable investment, but it means we have to rethink economic growth.

Mr. Peter Julian: What that means, though, is that for every dollar the federal government chooses to invest, we're looking over time at \$6 in benefit going back to communities. So that is a very smart economic strategy.

Dr. Paul Kershaw: Yes, 2:1 is a smart economic strategy, and 6:1 is brilliant, but you need to be patient.

Mr. Peter Julian: Unfortunately, Ottawa is not often patient. It's the one-offs and corporate tax cuts, rather than the long-term investment.

What is the cost of not acting?

Mrs. Susan Khazaie: I would say the cost of not acting is the 40,000 children in British Columbia today who are living with situations of risk, whose development is compromised because we have decided not to invest in their future. There are 40,000 children whose dear little eyes we ought to be looking at and saying, "We've decided your future isn't important and worth investing in," and that breaks my heart.

● (1345)

Mrs. Susan Harney: The new workforce study out by the Child Care Human Resources Sector Council, just released on Friday, does have some very short-term benefits where we don't have to wait 6 or 12 years. With some of those that I was talking about, every \$1 million that goes into the sector creates more jobs than investing that \$1 million anywhere else—more than in construction, more than in manufacturing.

Peter, it's that kind of new way of thinking that this government has to get its head around, because it isn't about going back to the old manufacturing that we know as the breadwinner of 20 years ago. This is a new way of investing. There are actually some very short-term, "right away, tomorrow" benefits for the dollars that are put in, and that study articulates them really well.

Mr. Peter Julian: Thank you very much.

I'd like to go over to our colleagues in the CFS now.

Many people say that the price of the massive corporate tax cuts we've seen over the last few years, a choice that both Liberal and Conservative governments have made, has come on the backs of students. What is your sense of the price that students have paid for the lack of support of the educational sector, and do you think it's true in any way that students are paying the price for this right-wing agenda we've seen over the last 20 years?

Mr. Shamus Reid: Speaking for students in British Columbia, I think it's certainly true. I'm glad for the opportunity to answer this question, because what we've actually seen in B.C. lately with recently announced provincial budget updates is that by 2011, revenue from corporate income taxes will actually be outpaced by revenue from tuition fees in provincial coffers.

Mr. Peter Julian: Can you say that again?

Mr. Shamus Reid: Essentially, corporate income tax cuts are being subsidized by tuition fees and user fees for education. In fact, in B.C., corporate income tax revenue is going to be outpaced by tuition fee revenue.

Mr. Peter Julian: So students will be paying more into provincial coffers than the entire corporate sector.

Mr. Shamus Reid: Yes. I think that puts it very succinctly, and to see this exacerbated by similar federal policies is not necessarily the best public policy. In fact, investments in education, like investments in early childhood education, investments in post-secondary education, have a significant return on investment. Particularly if we're investing in creating access to post-secondary education and ensuring that low- and middle-income families are able to send their children to school, we see a much more diversified economy and we see a much more, frankly, equal society in Canada, where everybody has the opportunity to contribute to their full ability in Canada's economy.

We certainly think tax cuts should not be subsidized by user fees for these essential public services.

Mr. Peter Julian: Okay.

The Chair: This is your final brief question.

Mr. Peter Julian: As a final brief question, has CFS been able to quantify with the investments in post-secondary education what benefits those bring to society? We have this obsession with corporate tax cuts in Ottawa, but if we invest in post-secondary education, what are the benefits of that?

Mr. Shamus Reid: A few studies have been done over the years on this. One was done by an economist at UBC in the British Columbia context. Obviously it was a few years ago, so particular policies at the time were being analysed. It found that there was at least a 4:1 return on investment in post-secondary education.

A study was done by the Government of Newfoundland and Labrador on the economic and social benefits of investment in the College of the North Atlantic, which is the college system that has a number of campuses throughout Newfoundland and Labrador. It found up to an 11:1 return on investment in those communities—and it's very community focused.

The Chair: Thank you.

Mr. Pacetti, please.

Mr. Massimo Pacetti: Thank you, Mr. Chair. Thank you to the witnesses. As you can tell, there's a struggle for us to ask questions to everybody around the table, so please bear with us.

I have a quick question to the Rick Hansen group and Mr. Ewart. You're requesting some money for research for spinal cord injuries. How do you see that financed? Would it be through a foundation such as the CIHR, or would it go directly to your foundation?

• (1350)

Mr. Colin Ewart: Thank you for the question.

In the past, support from the federal government has come from a variety of sources, most recently from Health Canada. On this particular request, it's more than just research; it's also community-service-related—and some of our national network relationships with all of the provinces and territories. So a wide variety of organizations inside the federal government could participate in this: Health for sure, Industry, and the connection to centres of excellence. In the past we received funding from Western Economic Diversification, as an example.

Mr. Massimo Pacetti: Would there be any conditions tied to that money coming in? Would you have to raise money from the private sector?

Mr. Colin Ewart: Absolutely. The institute vision we shared with you requires much more than \$100 million. We would be looking at bringing in not only corporate sponsors and partners; we'd also be looking to all of the provinces and territories, as we did during our 20th anniversary. We've had such an extensive interest in the progress we've been making in Canada from international partners that Rick and some of our leaders are already engaging with a number of key jurisdictions around the world. So we're looking for money to come in from international partners as well.

Lastly, we see individuals who have been very supportive of this over the last 20-plus years also participating. So multiple partners would be participating.

Mr. Massimo Pacetti: Mr. Reid, I may regret asking you this because your answers are sometimes long-winded, but the debate is changing even in Quebec now. I'm from Quebec, and there was a resolution passed by the Quebec Liberal Party on the weekend on perhaps having fees for CEGEP. I'm a big believer that CEGEP should be free. For people who are not aware, CEGEP is a junior college. It's a transition period before going to university, and Quebec has always used it as a promotion to maintain students in the educational field.

Now they're promoting that CEGEP should probably charge a fee. Quebec universities charge the lowest tuition fees, but we just heard that McGill is going to increase the cost of its MBA program. The price you now pay for an MBA program is \$1,700, and I think McGill is going to increase it to \$30,000.

We're seeing some different things going on in reality, and the Federation of Students always has the same demand. So where's the balance? I'm looking at more of a balanced approach. What do we need to do to make sure that students can continue to go to school and receive the right education?

I'm not questioning the fact that students should have debt. You are going to get an education. Is there a problem with having debt? Should there be an amount?

I come from a city where we have a choice of five, six universities. We have four francophone universities and two English universities, and one within an hour and a half. Do we need to go far away to get an education and be in debt after three or four years of education? Is that necessary? What's the balance there?

I don't know if it's an easy question for you to answer, but we need to have more of a balance.

Mr. Shamus Reid: To be absolutely clear, students are facing a level of student debt that has never been faced in this country before. It's not just whether a student should take on student debt; it's that it's at levels far exceeding what they ever have been. I don't think anybody disagrees that we need to ensure that low- and middle-income families have access to post-secondary education for our economy and our social fabric. Studies have shown that the best way to increase access among low- and middle-income students is a combination of investing in low tuition fees and student grants. We're looking for a framework within Canada, a post-secondary education act, that will ensure there are standards of access around the country as well as the reinvestment of those tax credits in the new Canada student grants program. That is the best way to ensure that everybody has broad access to post-secondary education.

The Chair: Thank you.

Thank you, Mr. Pacetti.

Monsieur Laforest.

• (1355)

[Translation]

Mr. Jean-Yves Laforest: Thank you, Mr. Chair.

I have a question for Mr. Ewart.

You spoke on behalf of the Rick Hansen Foundation. I think all the work you are doing is very worthwhile. I would just like some further explanation.

You want money from the federal government to continue spinal cord injury research. Are there other research centres elsewhere in Canada working in this field? If so—and indeed there must be others in the United States—how is your work different or innovative?

[English]

Mr. Colin Ewart: Are we looking for money from the federal government? The answer is yes.

In response to your second question, is there other research happening in Canada that is also being funded, the answer is yes.

With me here is the chair of the national Spinal Cord Injury Solutions Network, and if you wish, the chair can speak to this, but that organization coordinates many of the research projects on this subject, including researchers who are in Montreal, for example, who are participating at a national level on this research and advancing the science. Indeed, we have some of the leaders in the world arguably who are doing research in Quebec and in other parts of Canada as well. Our job is to connect all of those in a collective and unified effort to advance the work.

[Translation]

Mr. Jean-Yves Laforest: The point of my question was precisely to see if there was coordination.

I have a question for Mr. Dirom.

You said that it would be a good idea to harmonize environmental assessments. Can you give any examples of collaborative efforts going on now or that have already happened? Are certain examples more negative than others? There are more instances where assessments are delayed or tangled up in red tape.

[English]

Mr. Gavin Dirom: Thank you for the question.

Indeed I do, and maybe I'll start with the Major Projects Management Office, which was a \$15 million investment made by this government a few years back. That office is charged with finding efficiencies and effectiveness between provinces, territories, and the federal government.

One example that comes to mind is the Galore Creek project. It's in process and probably has another two to three years before it gets under way, because there are some decisions at the corporate level being made. However, I do think that's a good example of a harmonized effort between the federal and provincial governments. Timing wasn't completely in synchronicity, but it was within two to three months. That's a good example.

A poor example, and I know you have many of them, sir, is Mount Milligan, where you have the provincial assessment completed but they're just now getting under way with the federal assessment. It's not streamlined, it's not parallel, and it ought to have been.

[Translation]

Mr. Jean-Yves Laforest: Thank you.

I will give the rest of my time to Mr. Davies. I believe he has a question.

[English]

The Chair: Thank you.

Mr. Don Davies: Thank you, Mr. Chairman.

First I want to mention how much I appreciate the evidence of the Canadian Federation of Students. It's very valuable for you to come here and give us the experience of your members. From the New Democratic Party's point of view, that's extremely helpful to our discussion, so thank you.

I want to talk a bit about child care. I think the economic benefits and multiplier effect of a national child care program are clear in study after study. Our party has long been convinced of that. In fact, I think there is a historical precedent. I don't think it's a coincidence that after World War II the introduction, really, of universal education from grades one to 12 coincided with one of the most phenomenal periods of economic growth in Canadian history—from the 1950s to the 1970s. I think this would do the same thing as it unleashes the economic potential primarily of women more than anybody else.

In a way, it's tragic that we have to speak in economic terms when we talk about child care. These are our children. Do we have to justify everything in economic terms to make sure that our children are taken care of and are nurtured and educated? During the last election campaign the number one issue I heard on the doorstep, by far, was child care. Our party will be going to Parliament and pushing for a national child care system. I want you to know we're completely behind that.

If there are any comments you want to make, please go ahead, but I just want to make that statement.

• (1400)

The Chair: I'll remind members that we have a flight to catch, which if we miss is the chair's fault. We have another panel and we're supposed to leave here at 3:30 p.m. It's not me marching the time; time marches on. So let's be brief.

I think Ms. Harney wants to comment.

Mrs. Susan Harney: I just want to say thank you.

The Chair: Are there any other brief comments? Thank you.

Mr. Cannan will be the final questioner.

Mr. Ron Cannan: Thank you, Mr. Chair, and thank you, witnesses.

What a healthy debate we've had, and discussion. Think about the good fortune we have in this country that we can sit around with opposing views and not have to worry about missiles falling from the sky and things like that.

I share the perspective of the two Susans and the professor, as a parent of three children, with a daughter who is a single parent of a two-and-a-half-year-old. I understand Mr. Mowat's perspective too, because I have many constituents who have that perspective on cutting back. So it's all about finding the right balance.

Also, in terms of the Canadian Federation of Students, I represent Kelowna—Lake Country, UBC Okanagan, which is a member of the federation. You're doing great work, and I appreciate your efforts.

I have a couple of quick questions. The first one would be just to clarify. You were asked about discontinuing the tax credits for tuition fees and rolling that into increasing the student grant assistance levels. Do you have a dollar value that it would equate to?

Mr. Shamus Reid: I'll turn it over to Ian.

Mr. Ian Boyko (Research and Communications Officer, Canadian Federation of Students (British Columbia)): Some of the details are included in our submission, but in terms of the annual expenditure for education-related tax credits—there's the education tax credit, the tuition fee credit amount, and there's student loan interest in there—the total price tag each year that the federal government sees go out the door in terms of federal tax expenditures on education is over \$1 billion.

I think now it's close to \$1.12 billion per year, which, as Shamus said in his remarks, is double the budget of the new grants program.

Mr. Ron Cannan: Thank you. I'll move around the table to your colleagues from the mining industry.

Mr. Dirom and Mr. Giraud, I appreciate your comments on the fact that we've put \$130 million in the northwest power line. There was talk about infrastructure investments and being non-partisan. A big portion of that is in opposition ridings, so we're making sure it's going where the projects are making economic sense, not only for today but for the future.

In your submission, I know the ongoing request with regard to the tax credit. We'll continue to look at the mineral exploration tax credit and see if it can be made on an ongoing basis.

I have a supplemental question for Mr. Dechert for clarification on harmonization. We have set up a major projects division, and Minister Lunn announced that. Have you seen any improvement with the introduction of that major projects program?

Mr. Gavin Dirom: The example I raised earlier is Mount Milligan, which is being, hopefully, put forward by Terrane Metals. At the back end, there is support shown on the regulatory reform side with respect to that project. That is a good example of where the Major Projects Management Office is not just about the environmental assessment or front end but also about the middle to the back end of a project moving through with respect to harmonizing permits and regulations between the federal government and the provincial government.

Mr. Ron Cannan: Okay. Thanks.

I know that in universities across the country, one of the things we implemented in the economic action plan was \$2 billion for a knowledge infrastructure program. From Surrey's perspective, SFU was the recipient of more than \$24 million this year. I'm not sure if you're aware of that or not.

Last week the City of Surrey received \$30 million for the new library—congratulations on that—and I'm not sure if you heard about that. There is money for some of your infrastructure programs, and there definitely are dollars flowing to your community.

The other aspect is the knowledge infrastructure program. A big component of that investment, for both colleges and universities, is that while it's important to invest in people, you also have to have the facilities that they're working under. When we have the federal contribution, it helps the foundations not have to raise tuitions. From the board's perspective, they can put the money into students.

The Chair: A question, please.

Mr. Ron Cannan: That's just one of the observations from our post-secondary caucus.

The last question, then, is for the Rick Hansen Foundation.

One of my mentors...and it's incredible; we've come a long way in almost 25 years. Thank you to Mr. Hansen and your foundation for all the work you've done.

In your submission, you talked about \$100 million in terms of a lead partner. Could that be a multi-year commitment, and how would that be spent?

• (1405)

The Chair: Thank you.

Mr. Ewart.

Mr. Colin Ewart: Yes, it could be a multi-year commitment. We're working on a detailed proposal that will outline how it can be spent and what it will be allocated to. It'll be a combination of research and community service solutions, which are already part of the business plan and the work we're already embarked on with Health Canada. It obviously has a very stringent accountability framework, with performance measurements, etc.

There's a lot of detail that we're still working on, but yes, it can be committed the way you suggest.

Mr. Ron Cannan: Thank you very much.

The Chair: Thank you, Mr. Cannan.

I want to thank all the witnesses very much for being with us today, for your presentations, and for your responses to our questions.

We will suspend for a minute or two. Then we will bring the next panel forward.

Thank you.

• _____ (Pause) _____

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• (1410)

The Chair: Thank you.

This is now the fourth panel here on meeting number 43 of the Standing Committee on Finance with respect to our pre-budget consultations.

We have with us, for the final panel, seven organizations. I will list them in order of presentation.

First of all, we have the Coalition of Child Care Advocates of British Columbia; second, the Pacific Community Resources Society; third, the Certified General Accountants Association of

Canada; fourth, the Recreation Vehicle Dealers Association of Canada; fifth, the Union of Environmental Workers; sixth, the Coalition for Canadian Astronomy; seventh, the Heritage Vancouver Society. We actually have eight; there's also the Association of Canadian Publishers.

We have a lot of groups today, and we have up to five minutes maximum for opening statements; then we'll go immediately to questions from members.

Could we start with the coalition, please?

Ms. Sharon Gregson (Spokesperson, Coalition of Child Care Advocates of British Columbia): Thank you very much.

It's a great pleasure to be in front of this committee once again, and like one of my colleagues, Susan Harney, in the last round, I too am a multi-year presenter. Susan mentioned to me as she left that it's great that we don't have to convince you any more that child care is important; now we just need you to do something about it.

My colleague, Crystal Janes, and I are presenting from the Coalition of Child Care Advocates of British Columbia. We are a not-for-profit organization made up, obviously, of many parents across the province and also caregivers, early childhood educators, grandparents, labour unions, businesses, and many others. We do speak to the need for a comprehensive policy that funds and has standards for a child care system that meets the needs of working families for children zero to 12, that is in the not-for-profit sector, and that is adequately publicly funded to maintain quality that parents can afford—all the kinds of things that a progressive, rich country like Canada can and should be providing.

We will be brief. There are two things we'll do for you today. I'm just going to highlight some of the findings from a pivotal report that was just released from the Child Care Human Resources Sector Council on Friday that speaks to workforce shortages and also to the socio-economic benefits of investment in child care. Then Crystal will have a more detailed presentation.

You may already have heard about this report delivered by the Centre for Spatial Economics, a very respected economic business in this country. It talks about the workforce shortages in early childhood education and care. The research shows that the benefits of early childhood education and care to children come mainly from increased future earnings due to the greater likelihood of attaining higher education. For mothers, the benefits come in the form of higher current and future earnings due to increased labour force activity. Access to early childhood education and care allows mothers to increase their labour force activity, translating into more working hours, increasing mothers' current earnings and increasing future earnings. A lower smoking rate and lower special education and grade failures are also some of the benefits that accrue to children.

It is important, and it has been referenced—Member of Parliament Don Davies mentioned it earlier: the multiplier effect of investment in child care is something we would like to highlight for you. Most literature concerning the impact on mothers of children in early childhood education and care, ECEC, programs indicates that higher program fees decrease a mother's hours of work, so we don't want to have high fees, and \$100 a month from what we call the family allowance benefit that comes now from the federal government does not, obviously, help build child care spaces, does not improve quality of child care spaces, and does not actually help anybody afford child care spaces, given the current cost.

Most of the Canadian research is similar to what is found elsewhere in the world regarding the socio-economic implications of early childhood education and care. Within Canada, developments around this area in Quebec are particularly noteworthy, given the speed of magnitude of the change in the sector after the government introduced \$5-a-day child care.

Research lands on both sides of the debate about the impact of ECEC on children's socio-economic development. However, on mothers' labour force supply, there is no argument with increased mothers' labour force participation of 12% in Quebec. In the 2008 study the estimated effect of the policy was to increase labour force participation rates by 6.5% for more educated mothers and by 7.3% for less educated mothers. Total annual hours worked rose by 133 and 114....

I will pass it over to Crystal now.

• (1415)

The Chair: You have one minute.

Mrs. Crystal Janes (Representative, Coalition of Child Care Advocates of British Columbia): Regrettably, Canada's current policies do not meet the needs of Canadian families. Canada has lagged behind other developed countries in its investment in early learning and care for decades, and it now has the lowest rate of access to early learning and child care programs for preschool children of 20 comparable countries.

Notably, the federal government's approach to supporting families with children introduced in 2006—the universal child care benefit—has not met its stated objective of providing families with choice. Cancelling dedicated child care transfers to provinces and introducing a taxable family allowance has not addressed family child care needs.

The situation is getting worse in B.C. Child care funding has been cut as a result of changes in the federal commitment, forcing child care fees to go up.

Our recommendation to the standing committee this year is consistent with our advice over the last number of years. It's time to invest in children. We recommend, based on the principles and accountability framework outlined in Bill C-303, that the next federal budget include the first installment of a four-year commitment to create a licensed child care space for every three- to five-year-old in the country, as the first phase in building a comprehensive system for zero to 12 years old.

The gross projected cost of meeting this first benchmark is \$5 billion. Based on experience elsewhere, Canada can expect an

immediate return of 40% through income taxes from increased labour force participation. In addition, Canada can expect a longer-term return of 2:1 on reduced social, educational, and health care costs as children get a good early start through their life cycles.

The Chair: Thank you very much.

We have to move on to the next group, unfortunately.

Next is the Pacific Community Resources Society, please.

Mr. Ian Mass (Executive Director, Pacific Community Resources Society): Thanks for this opportunity.

I'm speaking as executive director, but in fact I'm speaking on behalf of the 175 youth employment centres serving organizations in British Columbia, another 120 community social services in British Columbia, the Ontario Association of Youth Employment Centres, and an additional 35 youth-serving organizations across Canada.

Our recommendation is that the federal government renew the terms and conditions for the Skills Link program in 2010 and increase the level of funding allocated to Skills Link programming to twice the present level, given the crisis of youth unemployment in the economic downturn.

What will that achieve? It will help reduce the drag on GDP caused by unemployed, at-risk youth who are drawing on criminal justice, alcohol and drug counselling, alternate education, and income assistance services. At-risk youth who successfully attach to the labour market will positively contribute to the national GDP. They'll provide employers the opportunity to tap an untapped pool of young Canadian workers in an increasingly challenging labour market. It will provide employees an opportunity to give back to the community, creating a triple bottom line for participating businesses. We are in full partnership with the private sector on this matter. Finally, it will provide the appropriate interventions to assist at-risk youth in developing the essential skills needed for a long-term attachment to the labour force.

Mr. John Coward (Manager, Employment Programs, Pacific Community Resources Society): It's interesting to note that when we prepared this brief back in June, the unemployment rate for youth was 15.9%. As of mid summer it went up to 16.3%. Their rate is twice the national average of the overall population. Canada will be facing a structural unemployment situation among youth if there isn't immediate action taken.

In the budget, \$53 million was added to the youth employment strategy, but not one penny was targeted toward at-risk youth; it was all targeted at students. If these young people aren't given the work experience opportunities and skills now, when the economy moves into recovery they will not be prepared to enter the workforce.

There are hundreds of not-for-profit organizations across the country that have Skills Link programs on the shelf and ready to go, but there's no funding. There is an apparatus in place that you can move on this social infrastructure intervention immediately. Service Canada has the structure all in place.

Where is the money? There is no money. We were capped at the same amounts we've had in the previous three years.

This is a crisis that we're facing among young people right now. There is an opportunity. There is an infrastructure in place. There are companies that are willing to give them a chance, small, medium, and ma and pa operations willing to give them an opportunity, but the federal government is not stepping up to the plate. It is not providing this group of young people an opportunity to give back to Canadian society, and they will continue to cause a drain on our GDP if we don't move now. This is the time to act.

The government is slipping money into infrastructure projects every day, and we know it because it's in every newspaper every day. Here is an opportunity where we can move tomorrow on this. You can move on this tomorrow and the result would be that this money would flow through the economy within weeks, because there are organizations like ours right across the province in major cities and mid-sized cities and small communities. So it would have an actual impact across the entire country, but the time to act on it is now.

• (1420)

The Chair: Thank you very much for the presentation.

We'll now go to the Certified General Accountants Association of Canada.

Mr. Bob Harvey (Chair, Tax and Fiscal Advisory Group, Certified General Accountants Association of Canada): Thank you, Mr. Chairman.

Mr. Chairman and honourable members, thank you for the opportunity to take part once again in the finance committee's consultations on the next federal budget.

I'm Bob Harvey, FCGA and chair of CGA Canada's tax and fiscal policy advisory group.

I'm a semi-retired public practitioner from B.C.'s Okanagan Valley who has been assisting small and medium-sized businesses and individuals with their accounting and tax issues for more than 35 years.

Members will be very acquainted with CGA Canada. You've seen us on Parliament Hill many times in a variety of roles. You have received copies today of our brief and my remarks, which are available in both official languages.

The House of Commons Standing Committee on Finance is asking two specific questions. One, have the stimulus measures been effective, and if not, how can they be changed to achieve the desired results? Two, what measures are needed to ensure a prosperous and sustainable future for Canadians?

With these questions in mind, CGA Canada is putting forward the following three-point plan: one, simplify Canada's tax system; two, stay the course; and three, manage the debt.

My comments will focus mainly on tax simplification.

First of all, CGA Canada appreciates that this government has taken a number of measures on the tax front. Various provisions in the 2007 economic statement and the 2009 budget are notable examples. However, CGA Canada believes that much more work can and should be done.

Sound tax policy is an essential lever of any economy, whether we are talking about recovery, productivity, growth, or stability. Canada's tax system has grown to the point where it is unnecessarily complex, cumbersome, labour-intensive, costly to administer, full of red tape, and difficult to understand. Fundamental changes to Canada's tax system are imperative.

Our first recommendation, one that we have advanced many times, is that the federal government should take steps to simplify Canada's tax legislation and the tax system. Tax simplification will result in increased compliance rates and lower compliance costs for taxpayers, less paperwork and red tape for businesses, lower administrative costs for government, and a stronger system with a more secure tax base and predictable revenue.

Simplifying Canada's tax regime should be viewed as a viable form of stimulus; it is good for the economy. Therefore, we reiterate a recommendation first made by CGA Canada in its September 2007 pre-budget submission, that the federal government ought to appoint a panel of experts to undertake a fundamental review of the tax system and to bring forward third-party recommendations to the government for action.

It is interesting to note that the United States is doing this very thing. President Obama has appointed former Federal Reserve chair Paul Volcker to lead a task force and report back by December this year with recommendations on tax simplification and streamlining the law.

CGA Canada will be watching this U.S. experience very closely. In the meantime, however, measures can be taken to improve our tax structure. First, the federal government should continue working with the three remaining provinces to help facilitate the transition towards a harmonized sales tax.

Second, personal and corporate taxes must be kept on a downward track to internationally competitive rates. This means lowering rates, increasing thresholds, and keeping bases broad and neutral. Prudent, modest, and broadly based tax relief is always preferable to targeted tax cuts.

Third, intensify efforts to manage the paper and administrative burden by tackling the obvious, that is, by eliminating duplicate regulations, getting rid of overlapping obligations, and reducing how often documents need to be filed.

The bottom line is that a simpler, transparent, and fair system with low, internationally competitive tax rates is integral to economic recovery and growth in Canada.

Our second recommendation is to stay the course. Our advice to the government as far as the economic action plan is concerned is to allow the plan to run its full course. It would not be wise to consider additional stimulus until the impact of current measures has been assessed and evaluated in a meaningful way and the results have been made public.

Our final recommendation is to manage the debt. The federal government must pay attention to debt management, keep a watchful eye over its expenditures, and regularly report to Canadians on progress towards that goal.

• (1425)

When Canada entered the global recession, it did so from a position of relative strength on account of years of prudent fiscal management. Like the rest of the world, while we face some degree of uncertainty in the future, we cannot afford to rest on our laurels and undo the incredible progress we've made as a nation.

Mr. Chairman, thank you for your time. We welcome any questions the committee may have.

The Chair: Thank you very much for your presentation.

We'll now go to the Recreation Vehicle Dealers Association.

Mr. Shane Devenish (Representative, Recreation Vehicle Dealers Association of Canada): Thank you, Mr. Chair.

My name is Shane Devenish, and I'm representing the Recreation Vehicle Dealers Association, or RVDA, of Canada.

With me today is Gord Bragg, vice-president of RVDA of B.C. and an owner of an RV dealership located on Vancouver Island.

We appreciate the invitation to be here today in the context of your 2009 pre-budget consultations. We will take this opportunity to highlight for the committee the impact that the ongoing credit crisis has had on the RV industry.

The RVDA of Canada is a national volunteer federation of provincial and regional RVDA associations and their members who have united to form a professional trade association for businesses involved in the recreational vehicle industry.

The RV industry has enjoyed strong sales over the past several years as Canadian consumers have moved to the affordable and flexible travel offered by RV ownership. Currently, more than 14% of all Canadian households own an RV. The demographics of our buyers demonstrate future growth in the coming years. However, as prices, affordability, and demand are driving retail sales, RV dealers today are facing an unprecedented wholesale finance crisis.

A recent poll from the RVDA of Canada's 420 dealer members reports the lack of floor-plan financing as their biggest concern currently facing their businesses. The contraction of available business credit has been caused by the following: the departure of Textron Financial early in 2009, leaving GE as the only non-bank floor-plan source; the business model of the big five banks are not conducive to large-scale floor-plan financing; GE's current mandate towards neutral growth; and the absence of an entrance of a new financial institution to our market.

At times the industry has had as many as six lenders that would floor-plan finance RV inventory. However, despite strong demand for the product, the association is left with having only one non-bank lender and a few banks, but on an individual basis and for only financially strong dealers.

The RVDA of Canada estimates that in 2008, aggregate new loan activity to Canadian RV dealerships was between \$1.15 billion and \$1.3 billion, with a total receivable base of between \$650 million and \$750 million. At the time of their exit, Textron Financial had an estimated 30% market share of the above, which for the most part remains a void.

While the RVDA of Canada is aware of and supportive of the \$12 billion Canadian secured credit facility, the program's ability to deliver floor-plan financing to the RV dealership level has not been identified up to this point. As such, the challenge remains, that being the government providing the means to entice new lenders to the RV sector through the CSCF or by other means.

On July 1, 2009, the U.S. Small Business Administration launched a new pilot program for dealer floor-plan financing. Through this new program, RV and marine dealerships can apply for SBA guaranteed floor-plan financing through an authorized financial institution. This program has enticed additional lenders to the industry and made it easier for small businesses to gain necessary capital to borrow against their inventory.

RVDA met with officials from the policy sector branch in August to propose similar assistance in the form of a loan guarantee in order to attract new lenders into our market. The guarantee would be necessary in the short term only, say two to three years, until such time as the markets resume ordinance. This form of assistance would appear to be the most attractive to a prospective institution looking to enter the floor-plan market. We have not found any company as of today willing to floor-plan our dealers without this form of assurance.

We are eager to work collaboratively towards finding a credit solution that makes sense for the Canadian RV industry, the government, and the Canadian public. The RV market has stability, profitability, and a long history of low-risk loans. We are therefore providing the following recommendation for a federal program spending measure that will ensure prosperity and a sustainable future for Canadians.

The RVDA of Canada recommends that the Canadian secured credit facility hereby be modified to include floor-plan loans that will be helpful to RV dealers through funding that can be directly injected into the RV marketplace. Without adequate floor-plan financing, RV dealers—dealers who have been profitable and a going concern for several years—will not have the ability to maintain a viable business past this year. We desperately need the government's assistance to pass action in order to attract new lenders to the market.

•(1430)

Please consider the following. The retail RV sector is not simply a one-time retail sale. RVing and the RV lifestyle make critical economic contributions to ongoing tourism and recreational spending in every region of Canada.

Thank you again for the opportunity to address the committee today.

The Chair: Thank you for your presentation.

We'll now go to the Union of Environment Workers, please.

Mr. Nicholas Humphreys (Representative, Union of Environment Workers): I am here as a representative of the members of Environment Canada, Fisheries and Oceans, and the Canadian Forest Service. It's a volunteer position that I am in.

When I was looking at the criteria for this brief, there were four parameters: economic, environmental, cultural, and sustainability. I don't know of anything that addresses those criteria as well as B.C. wild salmon.

Wild salmon are a cornerstone of the economy of British Columbia, in terms of sports fishing, commercial fishing, and the tourism industry. B.C. wild salmon are the cornerstone of the coastal and river systems in British Columbia. Salmon are the economic stimulus package of the ecosystem.

Wild salmon are the cornerstone of first nations culture and the heritage of the people of British Columbia who came after the first nations people. B.C. wild salmon are synonymous in British Columbia with sustainability and prosperity, and the sustainability of B.C.'s aquatic ecozones. The five different wild salmon species of British Columbia used to be the icons that B.C. was known for across the world.

Given the importance of wild salmon to our economy, environment, heritage, and culture, how is it that we have come to where we are today? How is it that we have taken the most productive sockeye salmon river in the world—the Fraser River—and ruined it and exploited it so that now we don't have a commercial fishery for sockeye on the Fraser River? We don't have sports fishing on the Fraser River. We don't even have enough sockeye salmon going up the Fraser River to feed the animals that live off the spawning salmon. And how is it that we have a Department of Fisheries and Oceans that can be so completely wrong in estimating over 10 million sockeye salmon returning this year and one million show up?

I say it's because, for some strange reason, we haven't been able to get our message to Ottawa. The 600,000 sports anglers in British Columbia, 35,000 commercial fishermen, and tens of thousands of people who work in tourism somehow haven't been able to get the message to Ottawa that salmon are important, that salmon have to be protected, their habitat has to be protected, and their whole environment has to be protected.

I say that because how else can you explain that the Department of Fisheries and Oceans has a no net loss of salmon habitat policy? They've had that policy since 1986, and today they can't even tell us how much salmon habitat there is. Not only can they not tell us whether there has been a loss or a gain or anything, they can't even tell us how much there is. Why is that? Because it's not funded. It

hasn't been funded properly. In 26 years there hasn't been the proper funding to do this.

You don't have to take my word for it. You can just look at the 2009 spring report of the Commissioner of the Environment and Sustainable Development, which was issued through the Office of the Auditor General. Not only does the Auditor General talk about habitat, she mentions that the Department of Fisheries and Oceans lacks information regarding numbers of fish stocks, contaminants in the actual fish, and the overall water quality. How can we manage this resource without the proper science?

The lack of funding has been widely known for years. The Senate Standing Committee on Fisheries and Oceans, the Pacific Fisheries Resource Conservation Council, the David Suzuki Foundation, the Sierra Club, the United Fishermen and Allied Workers Union, the Honourable John Fraser, and the Honourable Bryan Williams are all saying the same thing, that lack of funding prohibits the federal government from doing an effective job in areas of enforcement, habitat protection and restoration, salmon enhancement, research, and stock assessment. They're all saying that.

Increased funding to the departments should not be considered an expenditure; it should be considered an investment, an investment in the future of British Columbia and an investment that will return to the citizens of Canada a thousandfold—economically, environmentally, and culturally.

Thank you.

•(1435)

The Chair: Thank you very much for your presentation.

We'll now go to the Coalition for Canadian Astronomy.

Mr. Guy Nelson (Co-Chair, Industry, Coalition for Canadian Astronomy): Thank you.

I'm Guy Nelson, the co-chair representing industry for the Coalition for Canadian Astronomy. Paul Hickson is the co-chair representing the Canadian Astronomical Society.

Today the Coalition for Canadian Astronomy will be making an urgent, and perhaps final, appeal to all parties to support Canada's international leadership in astronomy through new funding for our flagship project called the Thirty Meter Telescope or TMT. This project is a perfect example of Canada's potential for international scientific excellence, world-class R and D, and high-tech manufacturing.

Canadian astronomers, universities, and industry have acted boldly to make Canada a world leader in astronomy. Now we need the federal government to be equally bold if we are to maintain our leadership position.

As outlined in an earlier written submission, the coalition is seeking \$160 million over the next four fiscal years to fund the detailed design and manufacture of the Thirty Meter Telescope here in Canada. This is a flagship project for Canadian astronomy and will create over 1,000 person years of work for Canadians. Most of that work will be in the area of skilled trades, which have been decimated by the recession.

To put the TMT project into perspective, the telescope itself will be about the same size as Science World here in Vancouver and will be housed in a building as long and as wide as GM Place. The only difference is that it will be 22 storeys high.

It's a major scientific infrastructure project and an ideal fit for Canada's infrastructure-focused stimulus plan. It'll create hundreds of well-paying jobs immediately, while also solidifying Canadian industry as a world leader in the fields of complex design, engineering, and manufacturing.

We recognize that our request is a big one. The coalition has been making submissions to this committee for the past five years in preparing for the upcoming deadline. It's now decision time. Without a commitment to funding in the next budget, Canada will lose its strategic position in the TMT partnership with the Americans, and it will lose the \$20 million contribution it's already put towards the design. Other countries are waiting to step in to build the telescope and they will do so using a Canadian design funded by Canadian taxpayers. That would be a devastating blow to Canadian science and industry.

To understand why, let me briefly recap how we got to where we are today. The coalition was formed in 2000 and charted a course for Canadian astronomical excellence. It includes industry, 21 universities in Canada, and the Canadian Astronomical Society. We developed a plan to be world leaders in astronomy and we put it into action. We've been remarkably successful with that plan, and all coalition partners have benefited. Astronomy is now Canada's top science, and Canadian industry has reaped hundreds of millions of dollars in astronomy-related contracts and resulting spinoff work.

The Thirty Meter Telescope will be the world's largest. Canada is currently a 25% partner in the project, second to none, which we achieved by moving early to secure our position. The federal government and the governments of Ontario and B.C. contributed \$20 million to fund the design phase, with Vancouver-based Dynamic Structures designing the telescope and the enclosure.

The telescope and enclosure designed by Canadians is ready to be built. It can and should be built here, but that will only happen if we remain a 25% partner. The Japanese, Chinese, Indians, and Brazilians are all eager to take our place. To be blunt, it would be a travesty if Canada walked away at this stage. Rest assured, this telescope will be built.

Given that Canadian industry has built more than half of the telescopes in the world, it would be devastating to see this built by another country using a uniquely Canadian design. Without additional funding, the Canadian designed and funded telescope and enclosure will be built by another country. The 1,050 person years of work will be gone. Equally important, if not more so, this incredible Canadian design will be handed over to another country. In addition, the \$20 million already invested by Canada will be lost as another country takes our design and puts its citizens to work instead. If this happens, expect similar controversies to those that erupted over the sale of MDA and Nortel.

Funding the next phase of the Thirty Meter Telescope requires vision and leadership. I can say frankly that further delays and deferrals will end Canada's participation in this project. Without new

funding, our partnership expires on March 31. If that happens, it'll be a sad day for Canada and Canadian astronomy. It'll seriously damage the reputation of Canadian astronomy for decades to come. It will also be a devastating blow to Canada's international scientific standing. Canadian astronomers are ranked as the best in the world. To maintain this leadership they need access to the most modern and powerful instruments. The Thirty Meter Telescope will be the best in the world. Without it, our best minds will be lost to other countries.

If government is not prepared to fund Canada's top science—and one that creates large numbers of jobs for Canadian industry—then what are its priorities?

We've spoken about this project with the ministers responsible and with MPs from all parties. All understand the stakes involved and we have had great support for our request on all sides of the House. We hope that support will now translate into funding.

You will see the benefits of that funding immediately. Canada will reaffirm its international leadership in astronomy, and by moving decisively, we will be a driving partner in this project. People will be put to work immediately on the detailed design, engineering, and manufacturing. The Thirty Meter Telescope offers these 1,050 person years of work, international scientific leadership, and the skills and experience Canadian industry needs to compete with the best in the world.

● (1440)

The coalition respectfully suggests that this is the perfect kind of project for an infrastructure-focused stimulus plan, and it's a concrete example of Canada's science and technology strategy at work.

Thank you for your time. I look forward to any questions.

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

We'll now go to Ms. Leduc from the Heritage Vancouver Society.

Ms. Janet Leduc (Executive Director, Heritage Vancouver Society): Good afternoon. It's a great pleasure to be here. Unlike many of you, this is our first time making a presentation to this committee.

I'm here today to urge you to introduce a federal income tax credit program for heritage building owners, to assist with the preservation of our heritage stock. Over 25 years ago such a program was introduced by the Reagan government in the U.S., and at that time Heritage Canada took up the call to have the federal government introduce such a program. Nothing has happened to date, and I'm looking at why it would be a good time to do it now.

First of all, we have the example of the U.S. over 25 years. That should be enough proof that this kind of program works. Secondly, the federal government recently introduced a program to assist homeowners with renovations by receiving tax incentives or a reduction in taxes to do so, and we keep hearing how successful this program is.

Why is it even more urgent today than 25 years ago to have such a program? First of all, the stock of heritage buildings is diminishing. It's just incredible how they are being torn down and lost forever. Sustainability has also become a big issue. We didn't hear about that 25 years ago, but it definitely is not sustainable to put a heritage building into landfill, so that's another good reason. Costs have gone up, and it's clear that it's very difficult for many owners to actually restore their heritage buildings without some incentive. It is of benefit to everyone when this happens, not just to the owner.

Looking at the next question on whether incentives actually work, we have the example of the U.S. government, and in our brief we've outlined how successful that has been. We also have a local example of Gastown in Vancouver. It became a historic area in the 1970s. Not much happened in the way of restoring the buildings until about 2002, when the city introduced a whole package of incentives to financially assist people with the restorations. There has been a lot of uptake on this program, and there is a huge multiplier effect for what the city put in and what the private sector put in. Gastown is now well on its way to becoming a very attractive tourist destination.

Then I look at why the federal government should get involved and not just the cities. First, it's too much for cities to take on this kind of massive program. The federal government introduced the historic places initiative in 2002 and showed great leadership in doing this. The intention was for incentives to be part of this initiative. So the federal government can continue and increase their leadership by finishing this program.

What are the payoffs from such a program? First we need to look at preserving our heritage for future generations, and of course that's the main reason why we'd want to do this. There are the economic benefits—the benefits of tourism that I already mentioned. There's the multiplier effect. We know that when governments put money into this type of program the private sector will put double, triple, or ten times more money into programs such as this.

There's the sustainability that I mentioned. We don't want to have landfills with old buildings crumbling away. There's also the economic stimulation for the building sector and all of the trades involved with this.

I'm finished.

•(1445)

The Chair: You have one minute if you need it.

Ms. Janet Leduc: I'd like to thank you for allowing me to speak today, and I certainly encourage you to seriously look at implementing this program.

Thank you.

The Chair: Thank you very much for your presentation.

We'll now go to the Association of Canadian Publishers.

Mr. Rodger Touchie (President, Association of Canadian Publishers): I'm Rodger Touchie, the president of the Association of Canadian Publishers. The association is the national voice of Canada's independent English language book publishers, who produce the vast majority of books by Canadian authors. We represent 134 Canadian-owned and -operated businesses from across the country.

The Department of Canadian Heritage, through the book publishing industry development program and the Canada Council for the Arts, has over the past 40 years invested in our industry with strategically designed and carefully managed programs. These programs increase our capacity to compete with the large multi-national companies that dominate our markets and thus enable us to return the taxpayers' investment with abundant cultural and economic value.

Today the book industry is undergoing enormous change through digitization. Over the past 10 years, the Internet has transformed the book-selling process as Amazon, Chapters-Indigo, and others have created highly successful online retail operations. Now the books themselves are going electronic, driven by environmental concerns, economic factors, and the introduction of devices such as the Kindle and the Sony reader.

These changes offer enormous opportunities to Canadian-owned publishers for new markets and new business models. They also present enormous challenges. Investment in new publishing technology and human resource development must be part of Canada's strategy for the development of a knowledge economy.

Last Tuesday we came here, and we appreciate the opportunity to do so. Our primary contacts and presentations to government do go to Canadian Heritage, so I am pleased to quote from a press release from the office of the Honourable James Moore:

The Honourable James Moore, Minister of Canadian Heritage and Official Languages, today announced renewed funding for the Canadian book industry totalling \$39.5 million per year over the next five years. The renewed investment will help publishers and other book industry stakeholders to weather the current economic slowdown.

This is very, very welcome news for a whole bunch of people I know, for our association, and for members of the French language association, with whom we tend to partner when we make presentations. The emphasis of the new moneys is to go to assisting with the transition of our industry from traditional book production to the world of digital. It's also designed to reduce the administrative burden for our industry.

I just wanted to say today that having dealt with Canadian Heritage over the last decade, and having interfaced with the people who run the programs, I've found them an outstanding group of people to work with. They are efficient in what they do, they're competent, and they listen.

I would also like to thank Minister Moore for being accessible, for listening to our presentations, and for responding to our needs.

Thank you.

•(1450)

The Chair: Thank you very much for your presentation.

We will go to questions from members, starting with Mr. McCallum.

You have seven minutes.

Hon. John McCallum: Thank you.

Welcome to all, and thank you for joining us this afternoon.

I'd like to start with the astronomy people and the Pacific Community Resources Society. One thing you have in common is that you both say that money to support your groups will rapidly transform itself into employment and jobs, unlike the infrastructure money we've been hearing about.

But first of all, to either Ian Mass or John Coward, I agree with you that when youth unemployment is at record levels, the problem becomes more urgent, and, if anything, you ought to get more money rather than less. Is it my understanding that the funding for this is due to lapse in 2010, so that not only are you not getting money but you may get less money? Is that right, or have I missed something?

Mr. Ian Mass: No. To our knowledge, the money won't lapse in 2010, but it's been static for the last three years, so it hasn't really responded, especially for this program, the Skills Link program, which really works at employment for at-risk youth. Those are the kids who, if it's a positive economic climate, are the last hired at the best of times, and they're certainly the first fired. Their unemployment rate is at least double the national average for youth employment. So by keeping that funding static despite the ups and downs of the economy, essentially those kids are falling deeper and deeper into that hole. They're the ones who aren't going to get out of that hole and who will be a draw on Canada for the rest of their lives.

Hon. John McCallum: Thank you. I thought you made a very powerful presentation, so thank you for that.

My next question is to either Mr. Nelson or Mr. Hickson.

I wish you all the best of luck, but this government has revealed a somewhat negative attitude towards science and research funding. I wouldn't be terribly hopeful. They tend to prefer populist initiatives, using instant gratification, whereas your kind of project provides the payoff in the medium term. I support it. We are on the record as strongly favouring more funding for innovation in research and science, because that's where the jobs of tomorrow are going to come from.

If we look at your project, specifically at the \$160 million, is that justified on the grounds of some sort of public good argument for researchers, for universities, or is it a subsidy for a profit-making private sector company? The case for it, I think, depends a little bit on who actually gets the money and how it's justified from a public policy point of view. I wasn't quite clear on that from your presentation.

Mr. Guy Nelson: I didn't delve into the details, but I can give very good details on that. Not only am I co-chair representing industry, but I own the company that has built more than half the telescopes in the world in the last 30 years—in Canada.

We've never made a dime on any telescopes, so you can kind of put that one aside, but what it's done is it has made this company the best in the world in mechanical and structural engineering. It's that skill set that we've applied in other industries. We've grown to be a leader in the amusement ride industry, for instance.

In this particular case, this project, we've already spent, in total, \$80 million on the design. Canada's portion has been \$20 million. That has been spent. So this is ready to be built. It would largely be built in Canada on the fabrication side. It will be erected in Hawaii. The site has been selected, and that's on top of Mauna Kea. It's one of the two best sites in the world.

But the actual jobs are created across Canada. Interestingly, in Canada the major benefit will be for the astronomers, ultimately, when it's built. Canada is a leader in astronomy.

We focused with this government, as you mentioned, on the job creation aspects of it, because it is very real. We think they are jobs of the future, but they are also jobs today. I'll give you a concrete example. I had 800 people working in my firm a year ago, before the recession. We're down to 400. And those are skilled trades people.

•(1455)

Hon. John McCallum: So is it a kind of Nortel-type or Avro Arrow-type argument—

Mr. Guy Nelson: It depends which way they go. If it does not get selected, you're absolutely right.

I think there is a picture in here. That is a Canadian design, that enclosure; that telescope is uniquely Canadian. It was designed here in Vancouver. But others can build that. Mitsubishi is already, with the Japanese, trying to squeeze us out.

Hon. John McCallum: If the government put up \$160 million, not only would it create some jobs today, it would also create a longer-term potential for Canada to be a leader in this sector for years, or even decades, to come. Is that a fair statement?

Mr. Guy Nelson: Exactly. I'd say that's a fair statement, because that's been the case.

Mr. Paul Hickson (Co-Chair, Canadian Astronomical Society, Coalition for Canadian Astronomy): This is the leading astronomical project in the world. Canada has a leading share in it now. That won't happen unless we come up with our money.

One thing that's not in our submission is the fact that not just the telescope structure and the dome—all the steel, the design, and the structure for that—but also the key technology that makes these very large telescopes work and gives them resolution and power beyond even those in space, adaptive optics, is being developed in Canada. Canadians are already designing. We will build the adaptive-optics system for that telescope that gives it its power, but we'll lose that without the funding.

Hon. John McCallum: Thank you.

I think I have about one minute left.

With regard to recreational vehicles, this confirms what I had learned from other sources, that this \$12 billion facility isn't working very well. We had the BDC president before us, and he couldn't explain it properly.

I understand that the funding is reserved for the big players, and the smaller ones don't have a chance. I'm not sure that any of this money has flowed. You do have the recreational vehicle manufacturers. I didn't quite understand how you want the program to be changed to accommodate your industry. What has to happen to make it work?

I'm not even sure it's working for the other industries. Maybe it's not working at all.

What specifically has to happen in order to accommodate your sector?

Mr. Shane Devenish: Thank you for the question.

You're right. It isn't working today for a number of reasons, including the fact that you need triple-A rated debt. In order to entice a new lender, the loan guarantee program would probably work much the same way as EDC guarantees Canadian manufacturers for U.S. dealerships. A similar type of program up here could entice a lender if we had some kind of loan guarantee based on a percentage of their portfolio.

I have, in fact, a lender now for the RV association that is prepared to come to the table, provided there is a small guarantee from the federal government.

Hon. John McCallum: A small guarantee? Either it was a guarantee or it wasn't a guarantee.

Mr. Shane Devenish: Well, 10% of the void, which is between \$150 million and \$200 million.

The Chair: Thank you.

We'll go to Monsieur Laforest.

[*Translation*]

Mr. Jean-Yves Laforest: Thank you, Mr. Chair.

Good afternoon to all the witnesses.

My first question is for Mr. Harvey, from the Certified General Accountants Association of Canada.

You made a few recommendations, the first of which is for the government to simplify the tax system. We often get that kind of request from consumers and ordinary citizens. They find it increasingly difficult to file their tax returns.

If the system was simplified, would you not lose customers? Now you are the one asking for a simpler system. Does that mean that the tax system has become too complicated even for accountants?

• (1500)

[*English*]

Mr. Bob Harvey: I do believe it has become too complicated for many accountants who are working across this country to serve their clients and to serve the general public. So, yes, I agree with that.

[*Translation*]

Mr. Jean-Yves Laforest: You said earlier that it was important to work with the three provinces that have not harmonized their sales tax, to help them make the transition. What are those three provinces?

[*English*]

Mr. Bob Harvey: The three provinces are Prince Edward Island, Manitoba, and Saskatchewan.

[*Translation*]

Mr. Jean-Yves Laforest: So, in your view, Quebec has harmonized its sales tax. The way we see it, it was done very early, beginning in the 1990s.

As an accountant, Mr. Harvey, you know that Quebec harmonized its sales tax. Given that you must navigate the tax system, as an association, you know that Quebec has already done it. Basically, that is what you are telling me.

[*English*]

Mr. Bob Harvey: Yes, I am making a confirmation. Luckily I work in British Columbia, and usually I'm restricted to B.C. rules and don't have to deal often with the Quebec rules. It is harmonized in Quebec in a different fashion, perhaps, than what B.C. is proposing now and some of the other provinces, but yes, I agree with you.

[*Translation*]

Mr. Jean-Yves Laforest: I must point out that we are in a dispute with the government. It has not yet compensated the Quebec government, which was the first to harmonize its sales tax, in the 1990s.

Thank you, Mr. Harvey.

My next question is for Mr. Humphreys, from the Union of Environment Workers.

You raised, what I consider, some fundamental issues. You talked about the Fraser River and said that, based on the estimates, you were expecting approximately 10 million salmon to return to the river this year to spawn, but you recorded only 1 million. That is terrible. I think there is a direct link with the health of the environment. That is a very clear sign of major environmental degradation, not only for salmon, but also for humans.

This morning, Mr. Otway gave a presentation. I am not sure if you know him. He wants the federal government to invest \$200 million, while you asked for \$100 million, so half the money. Are there differences between your request and Mr. Otway's in terms of restoring salmon habitat?

[English]

Mr. Nicholas Humphreys: I don't know the individual you're talking about, but the \$100 million we're talking about is to find out where we're at. It's probably not even enough to restore the habitat we have lost. That's going to be partly a provincial responsibility because of the forestry practices that have gone on. I was talking about finding out the stock assessments for salmon. A lot of that has to be done in the ocean, and that's very expensive science, very expensive research. It has to be done on every river and every bit of salmon habitat in B.C. So it's a huge project. I'm estimating it to be \$100 million. I don't have the DFO budget in front of me, but I have made some estimations and have talked to others. That's what I think we need.

At the moment only \$13 million a year goes into habitat in B.C. That's through Environment Canada and DFO.

• (1505)

[Translation]

Mr. Jean-Yves Laforest: Mr. Humphreys, this morning, Mr. Otway, whom you do not know, made a presentation. He told us that salmon sport fishing yielded greater economic returns than commercial fishing, and the difference was significantly higher, even in terms of jobs.

We can assume that commercial fish catches are much larger but that they have a negative impact on the number of salmon. Have measures been considered to reduce, perhaps temporarily, the number of commercially fished salmon?

[English]

The Chair: You have time for just a brief response, Mr. Humphreys.

Mr. Nicholas Humphreys: I think sport fishing has probably double the economic value of commercial fishing. I don't think that even takes in the tourism part of it. The government should buy back commercial salmon licences from the commercial fishermen and reduce that level of fishing. In fact, they'll probably have to reduce sport and commercial fishing in the near term to bring the stocks back to a level that is sustainable.

I think every landed salmon from a commercial boat is worth something like \$5 a pound. Every salmon that is landed in a sport fishing environment is worth closer to \$100 a pound, so sport fishing has a huge potential for British Columbia. But I don't think it's fair to punish commercial fishermen for the decreased stock of salmon.

The Chair: Thank you.

I see Mr. Laforest, but I'm going to take the next spot here as the chair.

I want to follow up with the Recreation Vehicle Dealers Association. As Mr. McCallum said, we heard in Ottawa that the Canadian Secured Credit Facility was working well for certain parts of the sector, but not for the smaller dealers and your sector. I'd like you to finish your comments. You said the federal government now through EDC would give a guarantee of \$100 million. Are you saying that would deal with your floor-plan financing?

Mr. Shane Devenish: It is a solution. The CSCF hasn't worked for the floor-plan industry at all. I don't think it was ever included, and that's why it hasn't worked.

We've been talking with various lenders, such as asset-based lenders, banks, and what have you, about what it would take for them to get into our market. This is a possible solution to entice them now, when they see the risk as being higher than when they might normally come in down the road when they don't see the risk. They could possibly come in with some sort of government guarantee.

One prospective lender suggested a 10% guarantee for a portfolio of \$200 million, so that would be a maximum guarantee of \$20 million to get into this now, knowing that the loss ratio over the last 20 years has never reached or exceeded 80 basis points of an ANR.

The Chair: But this is a lender other than GE?

Mr. Shane Devenish: Yes, it is.

The Chair: And they're willing to enter the market as a new lender in this area?

Mr. Shane Devenish: Yes, they are.

The Chair: So for one dealership, you're saying that for a \$200 million portfolio, if the government were in with a \$20 million guarantee, this lender would be in?

Mr. Shane Devenish: Yes. It's a lender the industry has designated as one that would be a very capable and committed lender to the industry.

• (1510)

The Chair: Okay, and have you presented that to the finance department and minister in the latest round?

Mr. Shane Devenish: As I mentioned in my remarks, we presented that option to Jeremy Rudin's group in the department. We last met with them in the first week in August, and they are now considering it.

The Chair: But your timeline is obviously prior to the next budget, right?

Mr. Shane Devenish: Absolutely. We're at a point now where dealers are going to have to restock their inventory. They're starting to do that now, and you have 20% or 25% of the dealers right now who are unable to restock. And that's the critical point: they're just going to go out of business in a worst-case scenario.

The Chair: So the product they have now they can sell, but any future product they cannot bring in?

Mr. Shane Devenish: Right.

So we've had a situation this year where inventory levels have gone down because shipments are down 50%—and Gord can attest to this—where you have retail activity down 15% to 25%. So their inventory levels are at the lowest point in perhaps—

A voice: A lot of years.

Mr. Shane Devenish: It's for a number of reasons, including the lack of ability to floor plan their inventory.

The Chair: Okay, I appreciate that. If you have any further clarification, feel free to forward it.

I did want to follow up with respect to the discussion on a tax credit for historic places. It's something I've been interested in for some time. Actually the Federal Building in Edmonton will now be renovated. It's done in the old twenties style out of New York, but it's been sitting empty for the last 20 or 30 years. The city is finally doing something about it.

So I just want you to explain this some more. You have the Canadian Register of Historic Places, and this would be on the list. Then if you're on the list, you would be eligible in some way for a tax credit. But I'm wondering if you could use any building as an example for me and describe how this would actually work in a practical way.

Ms. Janet Leduc: Well, as you say, it would have to be on the historic places register, because otherwise people would be just coming forward with some old building and wanting to get money for it.

Once you are on that register—and of course you can apply to be on that list if you aren't on it—I think you'd probably have to get three estimates of what it is going to cost to restore your building. Then there would be a certain percentage of that, but not the whole amount, that you could reclaim back. But that would only be after the building had been restored, and done so effectively, so that it wasn't butchered in the process, if you will.

The Chair: And the key would be preserving the outside structure and the appearance, but are there restrictions on what you can do inside the building?

Ms. Janet Leduc: Well, I think the outside would obviously be the key. In terms of the inside, you'd want to keep the basic structure of the wood frame and windows, and so on. But we've seen some excellent examples of buildings that have been used for something other than their original purpose, and we would certainly support that.

The Chair: Would you support the national Parliament Buildings being on the list, because some of them are falling apart, as we all know?

Voices: Oh, oh!

Ms. Janet Leduc: Well, I actually used to work for the National Capital Commission in Ottawa and am quite aware of the buildings there. I think there are only one or two stonemasons who are actually able to do some of the stonework. So I would certainly support the restoration, but I don't know how you'd give yourself a tax credit. But I'd encourage you to do the restoration work on the Parliament Buildings, yes.

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

My time is up. Just as I restrict others' time, I'll restrict my own.

I'll go to Mr. Davies, please.

Mr. Don Davies: Thank you, Mr. Chairman.

Thank you to all of you for your thoughtful presentations today.

I'd like to start with Mr. Mass and Mr. Coward from the Pacific Community Resources Society. I'm familiar with your excellent and effective work with at-risk youth, particularly in linking them with employers in the private sector. I'm familiar with your program

linking youth with Starbucks, and tragically I think that program in Vancouver came to a close due to lack of funding. It's been concentrated in Surrey.

I wonder if you could tell us what impact, if any, you've noticed it's had on at-risk youth in Vancouver.

Mr. Ian Mass: The program was essentially cut in half, as you say, and although supposedly it's for all of greater Vancouver, it cut the seats in half. Young people from Vancouver, at-risk young people, disadvantaged young people, aren't going to travel out to Surrey.

The program in Vancouver was housed in one of the integrated youth centres we have at Broadway and Fraser, and it worked very well because young people got to trust adults in that centre and were able to go into these kinds of programs and be successful, be placed, and have permanent jobs with Starbucks and/or go on to school.

The other impact is that many of the Vancouver youth were urban aboriginal youth, and many of the youth in Surrey are immigrant youth, so in fact it disenfranchised a large population of aboriginal youth here in urban Vancouver.

Many of these cutbacks were with other Skills Link programs, not just with ours, and a similar disenfranchisement happened.

• (1515)

Mr. John Coward: If I could add to that, what's interesting about this particular program model is that for every dollar the federal government puts into it, the private sector puts in another dollar. It's a no-brainer. What happens is they're both working together to give at-risk youth an opportunity, and this gives the private sector an opportunity to support its triple bottom line in the sense that they're able to make a contribution back to the community by giving these young people a chance, but they do it at a reduced cost than what normally would have been the case. Then on top of that they're giving these young people the best sets of skills.

Starbucks, for example, is one corporation. It's one of the 10 best corporations to work for, according to *Forbes*. So the question for me is, if the kinds of skills that Starbucks is able to pass on to its staff are passed on to at-risk youth, those at-risk youth will work anywhere because they have the best set of training one could possibly get. It's a fabulous opportunity for the government to show leadership in giving the private sector an opportunity to give these young people a chance.

Mr. Don Davies: I have one more question and then I'll move on to someone else. You mentioned your budget has been capped for three years. I wonder what programs you can envision delivering if you had a significant increase in the amount of funds you had. Can you give us an example of an idea or two that you could implement were you to be given further resources instead of just working with a capped budget?

Mr. John Coward: The other interesting thing about the Skills Link program is that it's offered through communities right across the country, in small communities with small businesses. In terms of the opportunities to work, it's not just in construction, like much of the infrastructure dollars; it goes into working in the retail sector, working in logistics, working in warehouses, picking up skill sets of being able to operate in almost every type of sector of the Canadian economy. So it's not just one option for these young people; there are multiple sets of options for employment and career options.

Mr. Don Davies: Thank you. I appreciate that.

I want to move to Mr. Humphreys. As I mentioned this morning, I think we New Democrats appreciate the critical importance of salmon to British Columbia, our economy, our communities, our culture.

I'm going to ask you this. The first thing is, I wonder if you have any comment on how we would manage those extra dollars that you have, because you've asked for an increased allotment of dollars, which I would support. Do you have any comment on the model of implementing from Ottawa versus having a B.C.-based monitoring process?

Mr. Nicholas Humphreys: I don't want to deny Ottawa the opportunity for jobs, but I think it's a well-known fact that with Fisheries and Oceans, I think one-third or one-half of the budget goes to Ottawa, and that's where one-half of the people are. I think, yes, a budget administered out here makes all kinds of sense for lots of reasons, if that's your question.

Mr. Don Davies: Thank you.

Ms. Leduc, first I want to congratulate you on a passionate and well-ordered presentation. I think it's a wonderful idea for the tax credit program, and the same thing with Mr. Touchie. I think you've brought arts and heritage and culture into the economic question that we're facing here, and I wonder if you could just briefly comment on how you feel about the economic spinoffs of preserving and enhancing our culture.

• (1520)

The Chair: You have about one minute.

Ms. Janet Leduc: Certainly in the Gastown example there was a huge amount of economic spinoff. In terms of some of the buildings that have been restored, Water Street in Gastown was sort of souvenir shops. Now the second part of Water Street is becoming upscale furniture. Fluevog is in there. That's the economic spinoff, and obviously the private sector has invested heavily with a small number of incentives. There is the tourism factor, which will encourage more employment, obviously, and for young people it is a great place to get started in the tourism business.

There is lots of data out there to show that there are huge economic spinoffs from restoring heritage buildings and neighbourhoods as well.

The Chair: Mr. Touchie, do you have a brief comment?

Mr. Rodger Touchie: Very quickly, I will just point out that the Conference Board in 2007 identified the economic footprint of cultural industries in Canada as over \$86 billion. It represents 7.4% of the gross national product.

The Chair: Thank you, Mr. Davies.

We'll go to Mr. Pacetti, please.

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

Thank you to the witnesses for appearing. I've said this before: It's a challenge for us to ask questions of everybody. We are limited in our time.

I don't want to take too much time, but I do want to ask Mr. Devenish, with the RV dealers association, can the floor planners, the dealers, not come up with the 20% guarantee that the government or the financial institution is requesting?

Mr. Shane Devenish: Is that the actual dealers themselves?

Mr. Massimo Pacetti: Yes.

Mr. Shane Devenish: No. Their cashflow is tight at the best of times. They rely on bank credit.

Mr. Massimo Pacetti: In the past, I think Textron was their main provider of financing. Didn't it request any guarantees?

Mr. Shane Devenish: No. When you say guarantees, there were guarantees such as repurchase agreements from the manufacturers. There were no financial guarantees.

Mr. Massimo Pacetti: Again, can you not have your manufacturers help out with the 20%? It doesn't sound like 20% is exaggerated.

Mr. Shane Devenish: It's 10%. The lender in question would lend up to \$200 million with a maximum of 10%, with which the lender is prepared to share the risk.

Mr. Massimo Pacetti: The lender is willing to give you \$200 million and your group cannot come up with \$20 million.

Mr. Shane Devenish: The lender is prepared to loan upwards of \$200 million to the RV dealers across Canada, with guarantees.

Mr. Massimo Pacetti: Can your group not come up with \$20 million if \$200 million is given?

Mr. Shane Devenish: No.

Mr. Massimo Pacetti: Okay, thank you.

Mr. Nelson, I'm not sure I understood. Where would your site be exactly?

Mr. Guy Nelson: The ultimate site where it's built is on Mauna Kea. It's on the top of a mountain on the big island of Hawaii.

Mr. Massimo Pacetti: How would Canada benefit with the site being there? I understand there would be certain spinoffs, but I would say most of the benefit would be to that island.

Mr. Guy Nelson: No, there is the front end. The construction is here. We are the experts. The companies in Canada are the ones that are building the telescope, so that will be physically built here.

Mr. Massimo Pacetti: How would you transport the telescope if it's the size of—

Mr. Guy Nelson: It's 4,000 tonnes of steel. How much money does it cost to transport it? We would ship it.

Mr. Massimo Pacetti: You would ship it and install it there anyway. It wouldn't be shipped in a whole piece, would it?

Mr. Guy Nelson: No, it would be broken down.

Mr. Massimo Pacetti: I have a difficult time envisioning transporting GM Place from here to—

Mr. Guy Nelson: All the telescopes in the world that we have built have been built here in British Columbia, actually, and shipped around the world. You can speak more to where the best locations are. There are only a couple of places in the world where they can be sited.

Mr. Massimo Pacetti: Explain to me what would happen. The financing would go to construct the site. What would happen with the ongoing cost? There would be recurring costs every year to either maintain it or just operate it.

Mr. Paul Hickson: Canada operates a number of smaller observatories. We have a share in the Canada-France-Hawaii telescope, which is also on Mauna Kea simply because that is one of the best places in the world to do these observations from. We also have a small share in the Gemini Observatory.

These are relatively small telescopes compared to the TMT, which is really enormous and much more powerful.

There are ongoing operational costs that come through the National Research Council of Canada, which is mandated to operate the telescopes constructed by the Government of Canada.

• (1525)

Mr. Massimo Pacetti: So the government is already doing it, but I'm saying that in a project such as the one you're contemplating, the costs would be much higher. Would there be any revenues coming in to offset some of those operating costs?

Mr. Guy Nelson: No. It's not a commercial enterprise; it's a scientific enterprise. The revenues coming in go to Canadian firms that build it. But you're right in that the actual program is a 10-year program and the telescope lasts for... We built the Canada-France-Hawaii telescope in 1975 and it's still operating today. The NRC finances those ongoing operations.

Mr. Massimo Pacetti: Would you have any idea of what your annual operating costs would be?

Mr. Guy Nelson: Yes.

Mr. Paul Hickson: Remember, it's a collaboration in which we presently have a 25% share. I think the overall cost of operation of the telescope over a 20-year period is approximately \$1 billion. That's shared by the partners.

Mr. Massimo Pacetti: You wouldn't be able to sell any of that information that you got a hold of, even to government or third parties?

Mr. Paul Hickson: We don't normally sell scientific information. We publish it.

Mr. Massimo Pacetti: Okay.

Just quickly, Ms. Leduc, Canada is obviously getting older. There are a lot of buildings that are getting older, buildings across the country, and some of them are prime real estate. Are we going to be giving tax credits to developers, or does it really matter whether the person is in the business or not?

The Chair: Just briefly, Ms. Leduc, please.

Ms. Janet Leduc: Yes, we would be giving incentives to developers. There are small developers doing heritage buildings. It's been proven that often they will not put in the money to do the building without any incentives. It just sits there and deteriorates.

Mr. Massimo Pacetti: I agree.

Thank you.

The Chair: Thank you.

Monsieur Laforest.

[*Translation*]

Mr. Jean-Yves Laforest: I have a quick question for Mr. Nelson or Mr. Hickson.

I want to know why such a telescope cannot be set up anywhere in Canada. I am not necessarily looking for a technical explanation.

[*English*]

Mr. Paul Hickson: Why can't it be installed in Canada? Because Canada does not have the kind of observing conditions to be a world leader. It's necessary that the atmosphere be very clear and not very turbulent and this is found on the tops of high mountains located at southerly latitudes close to the equator. The best sites in the world, and the places where all of the major observatories that exist are located, are typically within 20 degrees or 30 degrees of that, on the tops of mountains that are 10,000 feet or higher. The island of Hawaii, the Andes in Chile, and also Tenerife in the Canary Islands are the best places in the world.

If you wanted to build the world's best telescope, you wouldn't put it in Canada, unfortunately; however, the benefits come to Canada, because the scientists here receive the data from a telescope in Hawaii and then they analyze it in Canada with their students. This is where the gains come in: in the information and the extraction of that information in Canada.

[*Translation*]

Mr. Jean-Yves Laforest: Thank you. That is fine.

[*English*]

The Chair: We'll wrap up.

Mr. Cannan, please, briefly.

Mr. Ron Cannan: Thank you, Mr. Chair.

Thank you to our witnesses. It's good to see familiar faces and some new faces.

In the last minute or two, on the heritage tax, was there a dollar value that you had anticipated in the budget?

Ms. Janet Leduc: I don't have a dollar value. I think Heritage Canada may have put something forth, but it depends on what the uptake would be, and it would be gradual and over many years. It's really hard to say. As I say, Heritage Canada may have that information, but I don't.

Mr. Ron Cannan: We have \$60 million in the economic action plan. I've just announced that the largest packing house in my riding is partnering with the city to save it.

If I could, we'll go to the other end, to Okanagan and Mr. Harvey, talking about our staying on course. The Prime Minister just announced the economic update today, and it'll be in the local media as far as where we're at is concerned, with the 7,500 projects that have been announced, etc.

On your concluding remarks, as far as tax reform is concerned, I totally agree that a simplified tax form would be better. What's your thought on a flat tax?

• (1530)

Mr. Bob Harvey: Thank you for the question.

Our main focus, of course, is to see the government appoint an expert panel on taxation, and certainly one of the issues they would look at is a flat tax. My personal opinion is that the complexity is not in the application of the actual tax; it's in getting to the taxable income. So I'm not sure it would be one of the final recommendations, but it's certainly something that should be looked at by the expert panel.

The Chair: Thank you.

I'm sorry, I think we should cut it there and catch our plane. This is a very interesting panel. It's been an incredible discussion with a lot of very good advice, but unfortunately we do have to catch a flight. We're going to Edmonton tonight.

I want to thank all of you for your presentations and your responses to our questions. I want to thank members for their attention.

If there's anything further, please let the committee know. Thank you.

We're adjourned.

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