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Chair

Mr. James Rajotte

Standing Committee on Finance

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• (0900)

[Translation]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call to order this meeting of the Standing Committee on Finance.

I thank you for appearing before us. We will be having two panels today, both an hour and a half in length. Witnesses will have five minutes each for their presentations. Then there will be questions from members of all parties.

We will begin with Mr. Gilbert, representing the Mouvement pour les arts et les lettres. You have five minutes.

Mr. Bastien Gilbert (Chief Executive Officer, Regroupement des centres d'artistes autogérés du Québec, Mouvement pour les arts et les lettres): Good morning, and thank you for inviting the Mouvement pour les arts et les lettres, or MAL, a Quebec coalition representing over 10,000 professional artists, artisans, writers and cultural workers in Quebec. The MAL advocates for a substantial increase in public funding for the arts and culture in Quebec and Canada, given the essential role of the cultural industry in shaping Quebec and Canadian identities, improving the quality of life of city and rural residents and contributing to Canada's economic prosperity.

In a global economy based on creative knowledge, it is in the interest of the Canadian government to invest massively and strategically in our artists and cultural workers. In doing so, it has to consider arts and culture research, creation, production, dissemination, training, education, market development—whether local, national or international—and promotion as inseparable activities. The MAL believes in the Canadian government's ability to contribute to better living and working conditions for artists and cultural workers, while making it easier for Canadians to access Quebec and Canadian arts and culture. Moreover, it is incumbent on the government to make the financial commitments to help meet the development, consolidation and sustainability challenges faced by those organizations and institutions that support our cultural vitality.

Beyond their indisputable economic impact—sizeable share of GDP, job creation, etc.—artists and cultural workers help build a society that is democratic and respectful of people's differences, representing an investment with both quantitative and highly qualitative spinoffs.

The MAL is pleased with the Canadian government's recent announcement of a five-year investment to renew the “Tomorrow Starts Today” program—announced in June by the minister, Mr. James Moore—which will help sustain a number of effective programs, thus ensuring a certain stability for artists and cultural workers to plan their development. Nevertheless, the MAL wishes to

draw the attention of the Standing Committee on Finance to three recommendations it believes will help position the Canadian government's recent commitments within a sustainable development strategy for Canada's arts and culture.

First, the Mouvement pour les arts et les lettres calls on the Standing Committee on Finance to recommend that the Canadian government incrementally increase the budget of the Canada Council for the Arts over the next three years up to \$300 million, as it has called for since 2003.

Second, the Mouvement pour les arts et les lettres recommends that the management of arts promotion and distribution support programs—and I am referring here to the programs abolished last year—be entrusted to the Canada Council for the Arts as soon as possible, providing it with at least \$12 million in additional funding per year.

The third recommendation has to do with cultural diplomacy. Since 2006, Canadian cultural diplomacy has been significantly undermined by Canadian political officials. There has been over \$10 million in cutbacks in cultural funding to Canadian embassies and consulates, which have had to either abolish their cultural attaché positions or convert them into trade-related postings. Quebec and Canadian artists are thus deprived of expertise that is crucial for them to position themselves in the largest cultural markets, which are New York, London and Berlin. The turning of Canadian diplomacy towards trade and industry affairs was confirmed by Mr. Pelletier, an assistant to the Minister of Foreign Affairs, who states that “[...] 171 officers are tasked with cultural affairs, among other responsibilities. There are also 93 trade delegates who assist Canadian cultural exporters.”

In our view, the cultural attaché positions were indeed eliminated as part of the dismantling of the third pillar of Canadian diplomacy, i. e. cultural diplomacy. We recommend that cultural diplomacy be restored as one of the pillars of Canadian diplomacy.

Thank you.

• (0905)

The Chair: Thank you for your presentation.

The next witness is Mr. Patry, representing the Confédération des syndicats nationaux

Mr. Pierre Patry (Treasurer, Confédération des syndicats nationaux): Thank you very much, Mr. Chair.

I would like to thank the committee for inviting the Confédération des syndicats nationaux, the CSN, to take part in these budget consultations. It is always a pleasure for the CSN to participate in these activities.

The CSN is a union organization representing 300,000 members, primarily in Quebec, although it has members throughout Canada. Our membership is fairly equally divided between the private and public sectors, putting us in most sectors of economic activity.

As part of the present pre-budget consultations, we are being asked for our views on two major questions. The first question concerns the tax, budget and financial measures that are needed to ensure prosperity and a sustainable future for Canada. The objective of the second is to determine which of those measures are the most effective as stimulus measures. It is clear to the CSN that these two questions cannot be treated separately. Any short-term stimulus activity requires a vision of the future, but that vision must be a desirable one for Canada.

We favour a number of measures, the first being EI reform. In numerous appearances before the Standing Committee on Finance we have stated that the situation was utterly unacceptable. Right now, over half of those who lose their jobs do not have access to EI. Despite successive reforms since the early 1990s, Canada is now in an economic recession with a program more ill-suited than ever to the existing situation. Canada's protection is inferior to the average protection offered in other OECD countries. The financial situation in Canada is good and Canada could do much more to improve EI assistance.

Clearly, just increasing the maximum duration of benefits is a step in the right direction, but it does not go nearly far enough. For those without access to EI benefits, extending the duration of benefits is of no help at all for many.

The rate of unemployment continues to rise in Canada. In-depth reform of the program is urgently required. Of course, there are social repercussions, but the program is a key economic stabilizer because EI benefits are immediately plowed back into the economy in the form of consumption.

If EI is not reformed, pressure will be created on the provinces, which are responsible for income security programs such as social assistance. The shortfall in EI benefits must be made up by the provinces in social assistance. People are worse off and this results in pressure on the provinces.

The CSN is calling for a number of measures, measures also being called for by the Sans Chemise, a broad coalition of union organizations, and grassroots and community groups.

The first is to establish an eligibility threshold of 360 hours for all regions, which would of course improve access to the EI program. The second is to eliminate the two-week waiting period, which unfairly punishes claimants, leaving them without any income in the interim. The third is to increase the income replacement rate from 55% to 60% of normal earnings, based on workers' 12 best weeks and a different qualifying period.

Finally, we would like to see an income security program for older workers so that they can bridge the gap between the end of their

employment and the start of their retirement. We made this proposal during consultations on the state of the Canadian manufacturing sector. There were already massive job losses. In the current recession, I think it more urgent than ever that such a measure be implemented.

The second thing we are pushing for is federal fiscal reform. It is clear to the CSN that Canada's fiscal imbalance has not been resolved. In fact, Quebec's main gain in the 2007-08 budget was wiped out the following year when the equalization formula was unilaterally changed. A step, however imperfect, had been taken to address the fiscal imbalance and this gain was lost. Furthermore federal transfers have increased more slowly in Quebec than in the rest of Canada. The federal transfer payments Quebec receives are 28% lower than in 1994-95, while Alberta receives 45% more.

● (0910)

As for social assistance, Quebec receives a little under \$3,000 per recipient while Alberta receives \$11,000. I would also remind the committee that there is still an \$800 million shortfall for post-secondary education compared to 1994-95 levels.

It is possible to do something about this, even though there is a deficit. According to the parliamentary budget officer, the structural deficit is only 1% of potential GDP. In 1977, when there were much larger structural deficits, there were still tax transfers to the provinces for health and education.

The third point has to do with government economic stimulus measures. In the last budget, the federal government set aside 2% of GDP, including the contributions expected from the provinces and municipalities. In terms of the amount, this is in line with the International Monetary Fund recommendation. But spending must continue, because the unemployment rate is a grave concern. In July, the unemployment rate was 8.6% in Canada, 9% in Quebec and 9.3% in Ontario. The OECD has predicted that Canada's unemployment rate will reach 9.8% in 2010. Action is still required.

Finally, it is our view that the stimulus plan adopted in 2009-10 is not fair. Ontario received the lion's share for its automotive industry. In fact, Ontario received \$3.4 billion in the last budget, while the entire Canadian forestry industry got \$170 million. Despite recent additional funds, most of this will go to British Columbia, leaving little for Quebec's forestry industry.

I would also add that in terms of stimulus, too little has been done with respect to the environment. Canada is drifting further and further away from the Kyoto objectives. Yet the economic crisis is also a good opportunity to support public transit, green energy and energy efficiency. Adopting short-term stimulus measures will mean more prosperous and sustainable long-term development in Canada

Thank you, Mr. Chair.

The Chair: Thank you very much.

[English]

We will now go to Merck Frosst Canada Inc.

[Translation]

Mr. Christian Blouin (Director, Public Health and Government Relations, Vaccine Division, Merck Frosst Canada Inc.): Good morning. My name is Christian Blouin and I am here today representing Merck Frosst. I would like to begin by thanking you for allowing us to address you today.

We at Merck Frosst Canada are recommending that the government renew funding for the National Immunization Strategy, or NIS, program. I will begin by outlining the program's success in giving Canadians access to new vaccines and why we believe that this program must continue to be funded. I will also speak about two illnesses we can now prevent with vaccines recently developed by Merck Frosst Canada as examples of the types of innovative and cost-effective vaccines envisioned by the NIS program.

In the last 50 years, immunization has saved more lives in Canada than any other health intervention. That is a remarkable feat. Vaccines have incalculable social and economic benefits ranging from reduced hospitalizations and related medical costs to allowing more Canadians to stay healthy and be productive. Vaccines are truly the most cost-beneficial health intervention of our time.

In 2003, the National Immunization Strategy was adopted to ensure Canadians had access to the latest vaccines. Between 2003 and when the NIS was later renewed, five new vaccines were introduced from coast to coast. It has been estimated that twice as many Canadian children were protected against vaccine-preventable diseases in 2006 compared with 2003. This is a monumental achievement on the part of Canadian members of parliament.

In 2007, thanks to continued government funding of the NIS, \$300 million was provided to support HPV immunization programs across the country. Today, although terms of coverage for this vaccine vary between individual provinces and territories, cohorts of girls are able to receive protection from the risk of contracting cervical cancer. This is an innovation which will save thousands of lives in years to come. However, despite these successes, there are continuing gaps and disparities in access to vaccines. Most new vaccines have not been incorporated into provincial public immunization programs, putting Canadians unnecessarily at risk. This is why Canadians need to know that the NIS will continue to support access to important and innovative vaccines.

We will look at two specific examples of how the NIS can help to protect Canadians from shingles and rotavirus—two examples of innovative vaccines which offer tangible benefits to Canadians. Shingles—also known as Herpes zoster—can cause debilitating pain, as well as scarring, pneumonia, hearing loss, and facial paralysis. Shingles will affect one out of every three people in this room over the course of our lifetime. The risk increases with age, with half of cases involving people over 50. The pain caused by shingles too often prevents over-60 Canadians from leading full and productive lives—interfering with activities ranging from employment to housework. Shingles impacts our health care system,

resulting in up to 252,000 physician visits annually. Shingles also impacts our long-term facilities, which are already overburdened. However we now finally have a vaccine available. ZOSTAVAX was approved by Health Canada in 2008. ZOSTAVAX cuts in half the incidence of shingles for those over 60—turning what used to be inescapable for many into a preventable illness.

A second recent Merck Frosst vaccine, approved by Health Canada in 2006, prevents rotavirus. Virtually every Canadian under the age of three has been infected with it. Though rarely fatal, it disrupts the lives of families of children who contract the illness as it is a severe type of gastroenteritis with quick onset. The cost of work lost by adult family members of sufferers amounts to \$25 million per year. Rotavirus leads to 5,500 hospitalizations, 17,000 emergency room visits and 41,000 physician consultations annually. However, the RotaTeq vaccine, by preventing the onset of rotavirus, can reduce physician visits by 86%. Indeed, a vaccine such as RotaTeq is especially critical to vulnerable populations including aboriginals, who often face crowded living conditions, may lack running water and where healthcare services may be limited. Like all other Canadian infants, children of families in this type of environment would greatly benefit from having a vaccine which would prevent the hardship and rapid spread of rotavirus.

● (0915)

Right now neither the shingles nor the rotavirus vaccines are part of provincial public immunization campaigns and so Canadians are losing out on important opportunities to stay healthy and productive. Vaccines have proven themselves again and again as the most cost-effective health intervention. This is why the National Immunization Strategy cannot be allowed to lapse. Canadians count on being able to access innovative vaccines which also offer tangible financial benefits.

Furthermore, in this era of pandemic concerns when hospital and medical services may be even further taxed, it makes sense to reduce the number of otherwise avoidable hospital visits wherever feasible. This is an example where government has a chance to show leadership and really make a difference.

We recommend, first, that the federal government commit to renewing the NIS program by investing the sum of \$100 million per year to ensure Canadians have access to important new and innovative vaccines; second, that the federal government work with provinces and territories towards establishing a permanent funding mechanism to ensure adoption of new, recommended vaccines in public health programs within six months of their approval by Health Canada; finally, that the Government of Canada ensure that NIS program funding is separate from the Canadian Health Transfer payments to provinces and territories so that funds are designated specifically for immunization programs.

• (0920)

[English]

The Chair: *Merci beaucoup.*

We'll now go to McGill University.

[Translation]

Mrs. Victoria Meikle (Senior Policy Advisor, Office of the Principal and Vice-Chancellor, McGill University): Thank you, Mr. Chair

My colleague Vaughan Dowie and I wish to thank the members of the Standing Committee on Finance for the opportunity to speak this morning. We will be splitting our presentation. I will begin with McGill's first recommendation and Vaughan will take the second and third.

McGill University recommends that the federal government significantly increase the funding for university research, including direct funding for research and compensation for the indirect costs of university research. You don't need me to tell you that innovation is the key to the future prosperity and well-being of Canadians, or that universities play a vital role in innovation. University research creates knowledge, and universities train highly qualified staff who will work in all organizations of the innovation system in the years to come, whether in the private sector, in government or in universities themselves.

[English]

In order to continue to offer a high-quality education to students, universities in Canada require funding that is competitive at international levels for teaching, but also for research. At a research-intensive university like McGill, one of the hallmarks of the education we offer is that teaching is informed by the research carried out by professors.

The federal government is the key funder of university research in Canada. The cost of research can be divided roughly into two types: the direct cost of research—the funding that goes to investigators and scholars to carry out the research, to hire research assistants, and to pay for supplies in order to be able to carry out the research activity—and also the institutional or indirect costs of research. These are costs associated with paying for specialized equipment that's necessary to carry out research, research libraries, research computer networks, and to hire specialized technicians to run the complex machinery that is required to carry out research.

Institutional costs also occur in relation to the research process: applying for research grants, administering grants, reporting; they

cover activities that enable universities and societies to get the most benefit from university research, such as protection of intellectual property and technology transfer activities. The institutional costs are related also to activities that enable universities to ensure that we are meeting regulatory requirements and that ethical review takes place.

At the current time, institutional costs of federally funded research are compensated in the most research-intensive universities at the rate of just over 21 cents per dollar of directly funded research. A number of studies and practices in other jurisdictions that fully meet the institutional cost of research indicate that these costs are in fact between 40 and 60 cents on the dollar, depending on the kind of research undertaken. The moneys that research-intensive universities like McGill use to cover the institutional costs of research are taken from other parts of their budgets, including the operating budget. Were the federal government to fully compensate for these costs, we would be able to use those moneys for other important aspects of the academic mission, including teaching, services to students, and of course dealing with our deferred maintenance costs.

The first recommendation of McGill University is that the federal government should make a significant increase to financing for research, including both funding direct research and moving to full compensation for the institutional costs of research.

Thank you.

• (0925)

Mr. Vaughan Dowie (Executive Head of Public Affairs, McGill University): Mr. Chair and members of the committee, I will fly through the other two recommendations. I think you probably have our speaking notes, and I won't repeat what you can already read for yourself.

The second recommendation has to do with the support of the federal government for a program for post-doctoral fellows. Currently there are a number of programs that the federal government has, both for graduate students and for academics, whether it be the Canada research chairs, the Vanier scholarship for doctoral students, or whatever. One important part of the research composition that needs support consists of post-doctoral fellows. There are currently about 6,000 of them in Canada, although the number is soft because they are counted in different ways. There needs to be a program both to support the functions within the research enterprise as well as to attract the best scholars to the country. We have quantified this as a program of about 1,000 scholars at a level of about \$60,000 per person.

The second aspect has to do with trying to provide seed money as well as targeted support for international partnerships for Canadian research networks. These are not limited to universities but include partnerships between universities, industries, and governments across the world in order to make sure that Canada is an important player in international research consortiums and is able to maximize the strengths we have within this country.

I can speak about this more in questions, but I know your time is limited.

The Chair: Thank you for your presentation.

[Translation]

The representative for Réseau SOLIDARITÉ Itinérance du Québec has the floor.

Mrs. Marie-Claude Vézina (President, Director of La Chaudière de l'Estrie, Réseau SOLIDARITÉ Itinérance du Québec): Good morning and thank you to the committee members for allowing us to address them.

The Réseau SOLIDARITÉ Itinérance du Québec represents some 250 organizations working in the area of homelessness and homelessness prevention. This morning, I am accompanied by Louise Fortin, the director of SQUAT Basse-Ville here in Quebec City. This organization for young runaways from 12 to 17 years of age is part of the Regroupement des Auberges du cœur du Québec. In addition to my duties as president of Réseau SOLIDARITÉ Itinérance, I work for a soup kitchen and a drop-in centre in Sherbrooke.

In Canada, the federal government has been involved in the field of homelessness since 1999. The Liberals, under Jean Chrétien and Claudette Bradshaw, introduced the SCPI for a period of three years. This program was renewed four times by successive governments. It was very useful. The number of homeless people in Quebec and Canada is on the increase.

In 2005, the federal government estimated the number of homeless in Canada to be 150,000. According to an old Quebec study from 1997, 28,000 people in Montreal and 11,000 in Quebec City were considered homeless. This study was conducted in emergency shelters, soup kitchens and drop-in centres. When we speak to just about anyone in Quebec and to some of our colleagues elsewhere in Canada we can see that homelessness has increased significantly in recent years. Fortunately, the federal government has provided funding, because had it not done so, I believe the situation would be even worse, especially because so many people do not qualify for employment insurance. These are some of the people who find themselves homeless. They are men and women of all ages and from all walks of life. We are also seeing more young people in our various organizations.

SCPI became the HPI before becoming the HPS, or Homelessness Partnering Strategy. Consultations are now under way for this program for 2011-2014. Since 1999, Quebec has received over \$130 million as part of this strategy. Funding was received in 2001 under the Canada-Quebec agreements.

This is a good program which has shown its worth in Quebec and elsewhere in Canada. But we are more familiar with the situation in Quebec. One of its strengths is that priorities are set by the various local and regional communities. We would like to see that continue for 2011-2014. Two years ago, for the first time, the Conservative government announced that the program would be in place for five years. We are very happy to see it extended for more than one or two years. This is long-term work. We are glad to finally have something for 2009-2014, although some aspects need to be re-assessed for 2011-2014.

We are asking the Standing Committee on Finance to continue and to increase funding. In Quebec, based on applications received, more than \$50 million annually is needed to meet demand. Right now, we receive \$18.5 million. When we file our applications, it is for more than three times that amount for almost all regions in Quebec. With projects being carried over from one year to the next in Quebec City and Sherbrooke, it is not possible to begin anything new. In Sherbrooke, the need is great. In Quebec City, it is the same. In Quebec City and Sherbrooke, we have social housing projects. But a roof and four walls is not enough; community support is needed as well. The lack of funding makes that impossible. There are many solutions, but they require money.

The strength of this program is its diversity. It is general in nature, addressing not just the needs of housing, youth or aboriginals. Homelessness concerns everyone. It is important that this program be maintained.

• (0930)

What is needed is a \$50 million increase in funding, while maintaining existing priorities. In Quebec, we have identified 12 municipalities or major centres, as well as remote areas. People in these communities are the best placed to determine urgent needs and priorities. We must keep the same kind of program; it has shown its worth and we are happy with it. Quebec has its own delivery model. I believe the National Secretariat on Homelessness is pleased with how this program is working in Quebec.

Let us carry on with what is working. All that is needed is more money to keep the worst from happening. Even the UN rapporteurs, who periodically evaluate countries such as Malaysia and Vietnam, tell Canada to step up its efforts with respect to homelessness, poverty and social housing.

Thank you.

The Chair: Next we will hear from Mr. Gaston Lafleur, representing the Conseil québécois du commerce de détail.

Mr. Gaston Lafleur (President and Chief Executive Officer, Conseil québécois du commerce de détail): Thank you, Mr. Chair.

I would like to thank the members of the Standing Committee on Finance for giving us this opportunity to speak to them about two concerns we have as part of the pre-budget consultations.

The first has to do with the impact of the increase in debit and credit card transaction fees, an issue that was the subject of special consultations by the committee in spring 2009. Second, we would like to make committee members aware of the need to harmonize legislative and regulatory frameworks regarding Canadian environmental matters in order to lighten the complex and onerous financial and administrative burden on the retail trade and other sectors.

For retailers in all provinces, whether large or small, credit and debit card transaction fees represent a significant cost. Retail trade profit margins are often extremely slim, especially so during the economic downturn that has lasted for over a year now. In this context, all expenditures must be taken into account. Now Visa and MasterCard have chosen to increase credit card transaction fees and enter the debit market in Canada. The Retail Council of Canada estimates the various transaction fees paid by retailers in exchange for the privilege of accepting credit card payments at over \$4 billion. These fees, therefore, account for a substantial share of retailers' operating costs.

Our members are satisfied with the debit card payment system as it now stands. It is effective, and the related fees are reasonable. The standard fee is a fixed cost per transaction rather than a charge based on the value of a transaction; it is simple and prevents Interac from profiting unduly from inflation.

The arrival of new players on the debit market will not, in our view, lead to a decline in rates. On the contrary, we are convinced that rates will increase. In this regard, the Standing Senate Committee on Banking, Trade and Commerce states the following on page 32 of its June 30, 2009 report entitled "Transparency, Balance and Choice: Canada's credit and debit card systems". I quote:

"[...] the Committee believes that, because of the nature of competition among payment systems, there is a risk that debit card payment competition would lead to rising debit card costs for payment processors and merchants and, eventually, to higher retail prices for consumers."

• (0935)

Mrs. Monique Bilodeau (Vice-President, Finance and Commodity Taxation, Canadian Council of Grocery Distributors (Québec Section), Conseil québécois du commerce de détail): Given the large volume of debit card transactions, and in order to avoid a hike in prices as a result of escalating fees, the Coalition québécoise sur les hausses de frais de transaction par carte de crédit et de débit believes that, like the Senate committee, the government should take the appropriate measures to avoid introducing interchange fees or fees that are not based on the actual cost of debit transactions, and subject all corporations entering the debit market to the rules set out by the Canadian Payments Association.

We must stress that imposing interchange and other fees would have a significant detrimental impact on retailers.

Quebec and Canadian retailers are placing a lot of hope on the forthcoming recommendations by the Standing Committee on Finance and decisions of the Minister of Finance. This major issue has mobilized them like few others in recent years.

Mr. Gaston Lafleur: Therefore, on this issue the Conseil québécois du commerce de détail believes that the federal government should take the appropriate measures to avoid the introduction of interchange or other such fees that are not based on the true costs of debit transactions, and subject all corporations entering the debit market to the rules set out by the Canadian Payments Association.

With regard to the second topic, the harmonization of waste management rules, retailers have helped achieve tangible sustainable development targets for a number of years now. They have

volunteered their time and effort to support end-of-life product disposal initiatives. In Quebec, for example, there are extended producer responsibility programs for paints and oils. Over the years, all Canadian provinces have established a list of products covered by these types of programs, which require that end-of-life products be taken back.

The Canadian Council of Ministers of the Environment is now attempting to establish a general framework to guide the federal and provincial legislatures in crafting their own regulations. We commend the council for this initiative and have participated in the related consultations.

Furthermore, the council is of the opinion that such harmonization must first and foremost simplify and facilitate the opting-in of producers and their participation in these programs, and support targets to improve the environmental performance of products and the effectiveness of programs, not increase the administrative burden of corporations with more government red tape.

In this regard, we recommend that the federal government table general regulations containing common guidelines regarding waste management systems in order to streamline programs among all provinces and thus help reduce the financial burden on corporations caused by the vast web of standards.

Thank you.

• (0940)

The Chair: Thank you very much for your presentations.

Mr. Pacetti, you have seven minutes.

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

I would like to thank all the witnesses who appeared. We have been across Canada and I believe that this is the first time that all the panellists have spoken French. So congratulations! I will try to ask all my questions in French.

My first question is for Mr. Gilbert, from the Mouvement pour les arts et les lettres.

Your first recommendation was that funding for the Canada Council for the Arts be increased to \$300 million. How much does it receive now?

Mr. Bastien Gilbert: The current budget is \$186 million. That is the budget allocation approved annually by Parliament. There has been a \$30 million increase since 2007.

Mr. Massimo Pacetti: You want this funding to be increased to \$300 million over three years, in other words an increase of ...

Mr. Bastien Gilbert: An extra \$40 million a year will add up to \$300 million.

Mr. Massimo Pacetti: You are calling for an additional \$12 million for other international programs.

Mr. Bastien Gilbert: In point of fact, these are programs that were ...

Mr. Massimo Pacetti: Yes, but it is an additional amount.

Mr. Bastien Gilbert: That is right.

Mr. Massimo Pacetti: And that would be managed by the Canada Council for the Arts as well?

Mr. Bastien Gilbert: Pardon me?

Mr. Massimo Pacetti: Would the \$12 million also be managed or administered by the Council for the Arts?

Mr. Bastien Gilbert: It would be managed by the Council for the Arts. One of these programs was managed by Foreign Affairs Canada and the other by Canadian Heritage.

Mr. Massimo Pacetti: We are asking that the Council's funding be increased to \$300 million. That is what was promised in 2006. Every time someone says that the government is cutting cultural programs, it says that, on the contrary, it is allocating more to other programs. Would it not be easier to say that you need \$350 million by 2011, 2012 or 2013, and that 20% of that amount would be allocated to international programs and 10% to other programs?

Why not ask the government to turn over responsibility for these programs to you instead of asking for \$12 million here, \$13 million there, \$300 million there.

Mr. Bastien Gilbert: Our sectors are funded by the Canada Council for the Arts and by Canadian Heritage, which does have certain responsibilities, especially in terms of disseminating performance arts. These programs were renewed recently, and we are happy about that.

For example, last year the Liberal Party announced in its platform that it would increase funding for the Canada Council for the Arts to \$360 million. We thought that was great news. We hope that the party's next platform will be similar. Foreign Affairs Canada is now saying that it will no longer support international dissemination, which will now be the responsibility of the Canada Council for the Arts. We agree with that. That is what we want. Canadian cultural diplomacy is very important. The Canada Council for the Arts does not have an agent in Berlin or London. The Canadian embassy is supposed to provide that service, but it has been put on the backburner or changed, so we no longer get the services we used to. But not everything can be transferred to the Canada Council for the Arts. Foreign Affairs Canada has to hold on to certain responsibilities and take back some of those it dropped.

Mr. Massimo Pacetti: Thank you.

Ms. Vézina, we sometimes confuse organizations that need money to address homelessness issues with those that need money to address affordable housing issues. You mentioned that in your presentation. The \$50 million you want for the program would cover recurring costs. It would not cover investment in affordable housing or building infrastructure, but ongoing support programs. Every year, money is allocated to people coping with homelessness. Is that correct?

• (0945)

Mrs. Marie-Claude Vézina: It is a combination of the two. In Montreal, for example, in 2007-09, half of HPI's budget was spent to renew ongoing programs, mostly in intervention. The other half was spent on new projects, such as capital works, including the renovation of buildings that belonged to community organizations.

Mr. Massimo Pacetti: Do buildings still need renovating?

Mrs. Marie-Claude Vézina: Yes, because in Quebec, except for in Montreal, we cannot undertake any new housing project because the budget is not big enough.

Mr. Massimo Pacetti: Thank you.

Mr. Patry, you spoke at length about all kinds of issues, but you did not talk about employment insurance. I have not read everything in the papers about it, but I do know, because economists have said so, that employment insurance contributions will go up because of this reform. Can you comment on that?

Mr. Pierre Patry: On what, exactly?

Mr. Massimo Pacetti: Apparently, employment insurance contributions are expected to rise over the coming year.

Mr. Pierre Patry: Do you mean benefit payments?

Mr. Massimo Pacetti: No, I mean contributions.

Mr. Pierre Patry: You mean contributions from employers and employees?

Mr. Massimo Pacetti: Yes. This increase will affect all of your members.

Mr. Pierre Patry: Yes. We have two particular concerns about employment insurance. First is accessibility, which is the biggest problem. Fewer than half of the people who become unemployed actually collect employment insurance. Second is increased benefits.

With respect to setting contribution rates, the Conservative government created the Canada Employment Insurance Financing Board a few years ago. The problem is that the government is now allowing the organization to finance itself properly, to accumulate a surplus when the economy is in good shape—better shape than it is in now—so that the extra money can be used during recessions or when the unemployment rate rises. The government is not giving the board the freedom to set contribution rates above what it needs to meet immediate needs.

Because this is an insurance program—

Mr. Massimo Pacetti: Like when the Liberals were in power—

Mr. Pierre Patry: Except that you filched a few billion from employment insurance to put more—

Mr. Massimo Pacetti: Thank you.

Mr. Pierre Patry: May I complete my response? They took \$50 billion to balance federal finances. That money should be for employment insurance and the unemployed.

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

Mr. Laforest, it is your turn.

Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ): Thank you, Mr. Chair. I am glad that Mr. Pacetti raised the issue, because that is what I wanted to talk about.

Your statements are in line with the Bloc Québécois' thinking, especially when it comes to eligibility for employment insurance. You are asking the federal government for a complete overhaul of the employment insurance system because half of all unemployed workers are not entitled to employment insurance. That is disastrous, and I would like you to comment further.

In your brief, you referred to a Toronto Dominion Bank study estimating that it would cost \$1 billion to reduce the employment insurance eligibility threshold to 360 hours so that more people can benefit. It is a tragedy that so many people do not have access to employment insurance after having contributed for years. That is the problem, because for the past 15 years or so, Liberal and Conservative governments have taken \$57 billion from the employment insurance surplus.

Now they are saying that it would be hard to bring in measures like this, which would cost \$1 billion, and to put money back into the pockets of unemployed workers where it came from.

I would like you to comment on that because you did not mention the \$57 billion.

● (0950)

Mr. Pierre Patry: That is the problem when we only have five minutes to present our positions.

Successive Canadian governments did take \$57 billion from the employment insurance fund, and they cut benefits. Yes, the contribution rate went down, but the main problem is that now, over half of all unemployed workers are not eligible for employment insurance.

In many cases, people who are not eligible for employment insurance end up on social assistance as a last resort. Earlier on, she said that this could increase homelessness. I do not want to blow the link between the two out of proportion, but it is clear that more and more workers are losing their jobs and facing a serious poverty situation.

If the federal government had acted more responsibly with the employment insurance fund and had not taken the \$57 billion, it could have spent the past few years making the program better. It makes sense to keep a surplus in reserve as a hedge against tougher times when people who lose their jobs need access to employment insurance benefits.

Yes, this is about social needs. This is a social program, but as I said earlier, the employment insurance program also helps stabilize the economy because every dollar given to an unemployed worker, compared to tax cuts, will be put right back into the economy because it gives the recipient buying power. If that person cannot collect employment insurance and has to rely on social assistance as a last resort, he or she will have less buying power, which will just prolong the current economic crisis.

I think that the government should be more proactive when it comes to employment insurance by improving the program and ensuring that in good times, the fund accumulates a surplus so that it can weather the tough times that will undoubtedly follow.

Mr. Jean-Yves Laforest: Thank you, Mr. Patry. My time is limited, so I would like to ask Mr. Lafleur a question.

You talked about your appearance before the Standing Committee on Finance this spring. It was actually a joint session of the Standing Committee on Industry, Science and Technology and the Standing Committee on Finance. We talked about the issue then. I moved a motion to consider the issue you brought up that is facing the Retail Council of Canada a priority. This is a very important issue.

You said that the federal government must adopt appropriate measures. The expression "appropriate measures" may be a bit vague.

This spring, you also talked about the Australian model. Do you think that the Standing Committee on Finance and the government should consider moving toward greater control?

The whole issue with MasterCard and Visa wanting access to the debit market will soon be up for study, and you seem to think that this is a pressing matter. You talked about \$4 billion in fees. That is not a drop in the bucket for retailers, and the number keeps going up.

Mr. Gaston Lafleur: I would like to thank you for your question, Mr. Laforest.

The Australian experience is an example. We are not necessarily suggesting that it be systematically applied here, but it does give you a chance to see a concept that was applied, that has been in action for a few years, and that has proven its worth. It will be up to the committee to make recommendations about how to proceed. This is an urgent matter, particularly with the debit card issue. My colleague can give you a letter she received. We found out that a Visa debit card was about to be launched in the fall, so it could happen in the coming weeks. Obviously, that would create a problem with the Interac system, which is working very well and very effectively. Two players are about to enter the market, but they are not necessarily bound by the same rules, restrictions and framework.

Mr. Jean-Yves Laforest: Right now, Interac charges a fee for every transaction, a flat fee. According to your information, are Visa and MasterCard planning to do the same and charge flat fees, or will they opt for percentage fees or something like that?

● (0955)

Mr. Gaston Lafleur: Visa and MasterCard plan to use fixed rates and *ad valorem* rates based on the value of the transaction. There is mixed information about fees involved in getting their program up and running. But it is clear that the *ad valorem* concept will be used with the Visa and MasterCard debit cards.

Mr. Jean-Yves Laforest: It lends a lot of weight to your argument when you say that competition will not result in lower charges, but in higher ones.

Mr. Gaston Lafleur: I was not the one who said that. It was the Standing Senate Committee on National Finance. I agree with the Senate committee's conclusions.

Mr. Jean-Yves Laforest: Thank you.

[English]

The Chair: Thank you.

We'll go to Mr. Dechert, please.

[Translation]

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

Good morning, ladies and gentlemen. I would like to thank you for your presentations.

[English]

It's good to be here in this historic city.

My first question is for Mr. Lafleur, from the Conseil québécois. With respect to the credit card fees, we had some presentations to this committee earlier in the year from various parties. One of the comments that the merchants have made to us is that by contract, credit card companies often restrict the merchants from offering a cash discount price and prevent them from declining to accept certain types of credit cards that attract higher fees. Is that something your members have told you about?

[Translation]

Mr. Gaston Lafleur: Yes, contracts between merchants, retailers and credit card companies—organizations like Visa and MasterCard—include restrictions and prohibitions against promoting or supporting the use of one credit card over another. What you said is correct.

[English]

Mr. Bob Dechert: *Merci.* It's interesting.

As you know, the government recently announced new regulations for credit card fee disclosure, consumer disclosure rules. Are those helpful? Is the government going in the right direction there?

[Translation]

Mr. Gaston Lafleur: That might be a step forward for consumers, but it does not address the problem that retailers are dealing with. In our case, there are no provisions or guidelines to make the system more transparent. We really have no way of knowing fee increases for particular cards. Nor do we have the option of recommending that consumers use one card versus another. At some point, we might also see priority routing, which applies to debit cards and systematically routes the payment method on the debit card, Visa or MasterCard and does not allow the retailer to choose. Taken together, these factors make it impossible to manage these significant costs in the neighbourhood of \$4 billion.

Last year, retail sales were around \$425 billion. Take off \$100 billion for cars. So on less than \$300 billion—we know that retail sales have dropped 5% so far this year—merchants are paying over \$4 billion in card fees. The consumer is the one who foots the bill in the end.

[English]

Mr. Bob Dechert: *Merci.*

Should the credit card companies be required to disclose the merchant costs of the various kinds of credit cards to cardholders so that consumers can make a different choice? Should they understand what fees the merchants are required to pay?

[Translation]

Mr. Gaston Lafleur: I think that retailers should have the right to make information about fees public. People need to know what the fees are and have enough information to manage things properly. These are major costs. This is not just about consumer choice, about figuring out which card to use. Retailers need to be able to properly manage the available methods of payment. That is key. We want transparency for consumers, but if we do not have the information, the problem will persist. We have to be involved in the information process too.

• (1000)

[English]

Mr. Bob Dechert: Okay, *merci.*

My second question is for Monsieur Patry.

I take your point regarding accessibility to EI, but I didn't hear you mention anything about skills training and education for unemployed workers. As you know, our government has brought in an unprecedented amount of additional funding for skills training this year—over \$2 billion for training of older workers. Is that the sort of thing we should be doing? Is that enough, or should we be doing more? What would you say about skills training for workers?

[Translation]

Mr. Pierre Patry: That is a complex question. I think that it is good to help all workers, including older workers, especially during periods of recession. People have to have access to money so that they can retrain and get back into the job market. These are steps in the right direction. The Government of Quebec is also doing a lot to help unemployed workers get back into the job market.

The problem older workers are facing, particularly those over the age of 55 with relatively little education, is that it is a bit misleading to think that if we give them the training they need, they will be able to find new jobs. In many cases, there are underlying problems, such as language and literacy issues. Because of these problems, people have a hard time getting training. It is a good idea to provide training to these people, but we also need income support programs so that some of them, those that cannot be trained, can have a decent income until they reach retirement. That is what we tried to emphasize in our submission.

[English]

Mr. Bob Dechert: As you know, this year we have rules that allow older workers to access up to two years of EI benefits if they are taking skills retraining. Is that sufficient, or is there more that you think should be done in that regard?

[Translation]

Mr. Pierre Patry: I think that some good measures have been put forward in terms of training, and the Government of Quebec has implemented complementary measures. However, we have to think of the people who cannot get training. We have to make sure that they have a decent income to make it to retirement. There was also the work-sharing program under employment insurance. About 25% of the unions belonging to the Fédération de la métallurgie are in that situation. These are good measures. They enable people to keep their jobs and collect employment insurance. However, much more needs to be done for those who lose their jobs and cannot find work because they do not have the necessary skills.

A while ago, studies showed that it would cost \$175 million nationwide. It might cost a bit more now, but this is not an exorbitant amount in the context of the entire Canadian budget.

[English]

The Chair: I'm sorry, we're out of time, Mr. Dechert, but we will have another round.

[Translation]

Mr. Mulcair.

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

I would like to welcome the people who are here with us today and thank them for coming. Their presentations covered a broad range of issues that will no doubt be the subject of debate and decisions during the next budget process. Some things will not be easy, and your presentations will guide our thinking and our deliberations.

I would like to thank Mr. Gilbert in particular for his reminder. I think that your sector is the one that should be best informed. You will have to be very vigilant during the next budget.

Mr. Patry, thank you for your presentation. In the CSN's comments, at the bottom of page 3, you mention the failure of talks between members of the joint Liberal-Conservative committee. You said that that was insufficient.

Not much has been said yet about the bill before us now, and I would like to discuss it. Your analysis is impeccable. When you talked about the number of people not covered, there could be no doubt. With respect to the bill specifically, I would like to know if the CSN has conducted an analysis. As you know, the NDP has said that we want to make Parliament work. We now have \$935 million, according to the government anyway, that could help as many as 190,000 unemployed workers and their families. We will do a thorough audit of those numbers, of course. Two of our economic advisors from the union community say that the numbers are accurate. However, we would like to know whether the CSN has audited them too.

● (1005)

Mr. Pierre Patry: Not to my knowledge. I will refrain from commenting on partisan games played by political parties about what should be done, what should be supported, whether the government should continue its work, and so on. It is true that employment insurance measures have been passed, such as the five additional weeks at the end of the benefit period. Clearly, that will help some people. That is not insignificant. Still, 50% of people do not have access to employment insurance when they lose their jobs. Even if the benefit period is extended a little or other measures are implemented to improve the system, people excluded from employment insurance will find themselves living in poverty. There are no insignificant measures, but what we want is a full-scale reform so that situations like this do not happen again.

Mr. Thomas Mulcair: I would like to point out that my colleague from Acadie—Bathurst, Yvon Godin, introduced a bill for a standard 360-hour threshold. The private member's bill is making its way through the process. Right now, the bill with the best chance of passing is this one. I have a suggestion. Maybe you could ask your economists to look into it. We will actually be inviting you to comment specifically on this issue soon, and we will need your perspective.

I agreed with what Ms. Vézina said about communicating vessels when she described the connection between cuts to employment insurance and the number of people in poverty. This is not just about the fact that \$57 billion was stolen from the employment insurance fund. A lot of people say that that money was put into the general revenue fund, so it stayed within government. But that's false. A \$60 billion space was freed up to give tax breaks to the richest companies, and the cuts were supported by both the Conservatives and the Liberals. By definition, a company that does not make a profit has nothing to gain from tax breaks because it does not pay income tax. However, it still contributes to the employment insurance fund. Even if it loses money, it still contributes for all of its employees. That money is supposed to be for a specific purpose. Someone said theft, and that is exactly what it was.

Mr. Dowie and Ms. Meikle, I would like to talk about the general role of universities and the role of McGill University in Quebec. You have already received your first two Nobel prizes of the week, the Nobel prize for medicine on Monday and the Nobel for physics yesterday. Now it is Wednesday. This has been a good week for McGill. I have not seen today's results yet because I was not on line.

Can you tell me a bit about McGill's role as a Quebec institution?

Mrs. Victoria Meikle: Thank you, Mr. Mulcair.

Given its unique situation and its history, McGill University can play a unique role. Its situation is unique because the main language of instruction is English and it is located within a francophone community in North America, where the dominant language is English. It was founded 190 years ago. The university has earned an international reputation that enables it to build bridges between Quebec and Canada on the one hand, and Quebec and other countries on the other. These bridges are built through research collaboration and student exchanges and can promote inter-sectoral collaboration, which is the subject of our third recommendation. My colleague spoke about it briefly.

Mr. Thomas Mulcair: Thank you very much.

We must never forget that it is not only a major university recognized as Canada's finest, but also a major university that helps Quebec connect to the rest of the world. We do not think of that often enough.

Mr. Vaughan Dowie: I would add that about 20% of our students are from outside Canada, 25% from Canadian provinces other than Quebec, and about 55% from Quebec. It is a meeting place, a crossroads for Canada and the world.

• (1010)

Mr. Thomas Mulcair: That is an excellent way of putting it. Thank you very much.

Mr. Lafleur, I am glad to see you again. What Mr. Dechert said was interesting. Obviously, there are some things we can work on. In addition to employment insurance, we agree on the credit card issue.

I have to say that what you said will probably keep me up tonight because you raised the possibility that the federal government could play a role in managing waste materials. Knowing that this is the same organization that gave us a list—one with important and commendable public safety goals—known as the gun registry, which cost \$1 billion, if you really want to keep people awake at night, just raise the spectre of the federal government taking care of garbage. People will really be worried.

All the same, I will stick to the two specific issues you raised. You are a lawyer and I am a lawyer, so we will not get into a long constitutional debate about jurisdictional powers. I will just ask you a specific question.

You mentioned about paint and oil. In Quebec, the Société de gestion des huiles usagées du Québec, SOGHU, deals with oil. For paint, there is a 50¢ fee per four-litre can. This is in line with two sustainable development principles: internalizing costs and product life cycle. These two sustainable development principles appear in Quebec law, which is considered to be the best in the world with respect to sustainable development.

I would like to close by asking you, what are the problems with this? Tell me one concrete problem related to managing these products. I have never heard of any, and I was involved in it for many years.

The Chair: Mr. Lafleur, please keep your response brief.

Mr. Gaston Lafleur: Okay.

We want the federal government to play a leadership role to ensure—I agree that we should be thinking about harmonization that is in

line with constitutional jurisdiction over environmental matters. However, we have to make an effort to try to work together, which is what the Canadian Council of Ministers of the Environment is trying to do. We support that.

For example, harmonization might be the right way to go with issues surrounding internalization or in our sector. There are retailers all over Canada. We think that the idea of internalization, which we have already talked about in a parliamentary committee, was associated with concerns about the right to transparency and visibility regarding costs related to an environmental program for retailers so that they can clearly post environmental costs on labels or elsewhere.

Elsewhere in Canada, there are not necessarily any legislative constraints in this respect. In Quebec, a provision in the Sustainable Development Act requires cost internalization. This principle does create problems with interpretation, but it does have the advantage or the disadvantage of being the only one of its kind in Canada. People talk about trying to harmonize. The point is to strike a balance so that our businesses operating across Canada can do this in similar, but not necessarily identical ways.

Nothing is perfect, obviously, but we have to work toward harmonizing this because there are major costs involved. If the 10 provinces and the territories each do their own thing and create different ways of doing things, a business in our retail sector with locations in Vancouver or Halifax will have problems. This will involve tremendous costs.

The Chair: Thank you, Mr. Lafleur.

Thank you, Mr. Mulcair.

Mr. Pacetti.

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

Mr. Blouin, I have looked at the recommendations, and I would like to know how you reconcile your first recommendation with your second.

Perhaps you can explain to me how the procedure works? Even if the federal government commits \$100 million for immunization, it will not actually provide the services. So that is related directly to the second recommendation.

Mr. Christian Blouin: I could give you a long answer, but I will try to be brief.

The \$100 million is an incentive to encourage the provinces to act. If we look at funding for the national immunization strategy over the past six years, the \$300 million that was invested every three years has had an impact, as I explained earlier, on vaccination coverage in Canada, which was not the case when there was no funding. That being said, if possible, I would rather not have to come back here every year or every two or three years to ask for more funding.

Our second recommendation suggests that the federal government and the provinces should work together to establish a permanent mechanism like that in other countries. We have to look at global best practices and develop a system that gives people access to vaccines.

• (1015)

Mr. Massimo Pacetti: There is a system in place right now.

Mr. Christian Blouin: Right now, there is no funding system. Funding comes from the provinces. In 2003, your government allocated \$300 million because there were four pediatric vaccines at the time that were not covered, except in Alberta, because it had more money. Your government realized that it was important to ensure fairness across Canada. So the vaccines were covered. As soon as the \$300 million was put into a trust fund, pro-rated on the basis of population, the provinces implemented vaccination programs. The same thing happened with the second \$300 million for the HPV vaccine.

New vaccines are available, but they are not funded. We want the federal government—

Mr. Massimo Pacetti: If they provinces want it, they will choose to—

Mr. Christian Blouin: They could fund it, but there is not really any leadership in the infectious disease field or in public health. It is important to remember that health is under provincial jurisdiction. But when it comes to public health, the provinces cannot work in isolation. The threat of a pandemic, West Nile and SARS have shown that viruses and bacteria can travel. This is not like a scan in the hospital where the provincial health minister decides that it is under his jurisdiction. Public health is the responsibility not only of the provinces but also of the federal government.

Mr. Massimo Pacetti: Thank you.

Ms. Meikle, I am a McGill University alumnus too. I would like to congratulate you on the good work you are doing and the fact that you have two Nobel laureates. Maybe I will be one too one day.

Some hon. members: Ha! Ha!

Mr. Massimo Pacetti: We have travelled all across Canada. Many colleges and universities have asked for more money for research. In the past, they have even asked the government to cover indirect costs. You mentioned that too, but I do not see a recommendation about it. You are sometimes eligible for funding for research, equipment and capital costs.

How will indirect costs be covered? Have universities found a way to absorb these costs?

Mrs. Victoria Meikle: I am not sure I understand the question. I am sorry.

[English]

Mr. Massimo Pacetti: We used to get a lot of requests for indirect costs. We don't have that in any of the recommendations.

[Translation]

Mrs. Victoria Meikle: I believe that other universities have recommended increasing funding for research, including indirect costs associated with research, particularly in research-intensive

universities, because they do not receive full compensation for the money they spend.

Mr. Massimo Pacetti: In the past, you asked for a percentage.

Mrs. Victoria Meikle: Research-intensive universities have an estimated \$375 million shortfall. On average, these universities are now being compensated for just over 21¢ per dollar invested in direct research.

Mr. Massimo Pacetti: Would the \$60,000 for post-doctoral training cover all costs associated with post-doctoral studies? I would have thought it would be higher than that.

Mr. Vaughan Dowie: That would cover most of it. Right now, we are getting nothing or next to nothing. That would be a step forward. The \$60,000 is a guideline.

• (1020)

[English]

The Vanier doctoral program that was announced a couple of years ago allows doctoral students to receive up to \$50,000. So the \$60,000 is to say that post-doctoral students should be earning more than doctoral students because they have more experience. It would cover a lot of those costs, especially if there were a compensating program in it for the direct costs of research.

[Translation]

The Chair: Thank you, Mr. Pacetti.

Ms. Gagnon.

Ms. Christiane Gagnon: Thank you.

I am pleased to see you all here this morning. This debate raises a number of issues.

Over the course of my 16 years in the House of Commons as a member of Parliament, I have been asked to work on all of the issues before us this morning. One of the first files I worked on was poverty. Talking about poverty means talking about the social safety net. We are therefore familiar with all of the issues covered in the CSN's employment insurance submission. There was also the employment insurance file in 1995-96, as well as SCPI, implemented by Ms. Bradshaw, whose heart was in the right place. However, we had to work very hard to bring certain realities to light and really understand homelessness issues, as well as issues facing universities, which need \$800 million more to overcome their challenges. There are also heritage issues. As you can see, it is very hard for us to ask all of you about the realities you face. Let me just say that I will begin with something I am passionate about.

I worked in the cultural sector. It is often hard to understand why spoiled children want more, if I may say so. Mr. Gilbert, I would like you to explain further. You want a Canada-wide cultural infrastructure network that is better suited to the demands of the arts and the realities of artists' day-to-day lives, things that people have a hard time understanding. Around 1984, I was working to promote Quebec film—that was a long time ago—and I remember the hoops we had to jump through to promote Quebec film abroad. It was very difficult.

Can you explain it to us in terms that we can use to accurately convey these realities during debates in the House of Commons? Maybe that will help us get PromArt and Trade Routes back or get bigger budgets.

Mr. Bastien Gilbert: Thank you, Ms. Gagnon.

Later on, Ms. Samson will do a better job than I could of telling you about problems facing the film industry and distribution in Canada and abroad.

As to the arts we are talking about, the Mouvement pour les arts et les lettres is an association of Quebec artists. These artists are operating in a relatively small market and they have to disseminate their work abroad as well as in Canada. It is not easy for them to get their work out to the rest of Canada. Canada is huge, and the population is spread out and so on. So we need help from the federal government to do a better job of promoting the professional work being done in various sectors, including visual arts, which is my field, contemporary dance, classical music, multimedia, arts and crafts and more. Quebec arts and crafts have an excellent reputation in Canada and abroad. We need help from the federal government to promote our work, to help our performers, our organizations and our artists get the funding they need to survive, grow and develop.

The cultural infrastructure mentioned in our submission also refers to physical spaces. People need professional spaces to get their work out there. We mentioned the Canadian Conference of the Arts, which stated that much of the physical and cultural infrastructure—theatres, dance halls and exhibit halls—was created as part of the buildings paid for by funding to mark the centennial of Confederation in 1967. Many of these buildings need renovation, restoration and so on, and that will cost a lot of money. That is why the Canadian Conference of the Arts, the foremost Canadian organization representing the arts and culture sector, recommended significant increases to funding for Canadian Heritage's cultural spaces program because that is the department that provides funding for the infrastructure that is so important to cultural and artistic expression in Canada.

I do not know whether my answer will help you defend or express our position in the House of Commons, but I hope that I have answered your question.

• (1025)

Ms. Christiane Gagnon: Thank you.

My next question is for Réseau SOLIDARITÉ Itinérance du Québec. I understand what is at stake. More funding should be made available. Unless I am mistaken, there is an urgent need. However, employment insurance also has an impact on people's daily lives and their ability to support their families.

I do not want to engage in partisan politics, but we are being told that it could cost \$4 billion. So can \$1 billion really be an accurate number if we were to adopt a 360-hour threshold?

Mr. Pierre Patry: We are not the ones who said that. It was the Toronto Dominion Bank that calculated a cost of \$1 billion if employment insurance eligibility is reduced to 360 hours.

I would like to go back to what we were talking about earlier. We believe that there was a huge surplus that the government unfortunately took away. If the government creates a real employment insurance fund, an independent account, which does not yet exist but is in the planning stages at the new board, and if it is funded adequately, there would eventually be a surplus. Then, during a recession or an economic crisis, even if it cost a little more to support unemployed workers, the government could still afford it.

Now, because the \$57 million is gone and there is an economic crisis going on, the government says that there is no money left. However, these amounts are relatively small compared to the total Canadian budget.

We could get the money from employer and employee contributions, especially since the Conservatives have cut corporate income taxes significantly since coming to power—15% by 2011-2012. They could take the money they are saving on taxes and spend it on employment insurance contributions. That would improve the system and help the government deal with difficult situations like the one we are going through right now.

The Chair: Thank you, Ms. Gagnon.

Mr. Wallace.

[English]

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chair.

I want to welcome everyone and thank you for joining us this morning. I will be speaking in English, unfortunately.

My first question is for Réseau SOLIDARITÉ. First of all, I want to thank you and your members for the work you do. I'm from Ontario, and we have people who are working hard on the homeless issue. I just want to thank you for your effort.

You were saying that your organization in Quebec gets \$18.5 million annually and you'd like it to go to \$50 million. Would that be overnight, or would you like that increased over time? Have you given any thought to how that would be implemented?

[Translation]

Mrs. Marie-Claude Vézina: The increase in funding, from \$18 million to \$50 million, is based on requests that have been received from various groups throughout Quebec. Furthermore, those requests do not even fully reflect all needs. In Sherbrooke, we did not submit any new projects, because we knew there was not enough money.

Since the very beginning of the program 10 years ago, it has not even been indexed. We would like to see that happen very soon. The goal is \$50 million, which makes sense, since the program has not been indexed. In Sherbrooke, for example, we lost money because of the amalgamation, since we became wealthier.

[English]

Mr. Mike Wallace: *Merci.*

I have a question for McGill. With respect to your third point, which you didn't really get a lot of time to talk about, in my reading of it you're asking for seed money for innovation that can be commercialized. Do you have any sense of what that would be? You're not the only research university in Canada. How do you foresee that being divvied up?

• (1030)

Mr. Vaughan Dowie: This is not a request for McGill; this is a request for a program from the Government of Canada. The example we use right now is the Canada-California...what we call CCSIP. There is a certain amount of seed money that the Government of Canada has put on the table to develop relationships between universities and industry, both within Canada and California, to try to find good fits to do international research together. McGill is not the only one; UBC, U of T, and others are involved as well.

Another example that come to mind, for instance, would be that Canada is interested in trying to develop more relationships with Brazil, China, Israel, India. So this would be an attempt to try to—

Mr. Mike Wallace: Expand that program.

Mr. Vaughan Dowie: —expand that program so those initiatives can be seeded; and second, when there are good fits, as there is right now between Canada and California on stem cell research, where money can be put on the table in strategic areas of work for this country.

Mr. Mike Wallace: What kind of money are we talking about?

Mr. Vaughan Dowie: With respect to stem cell research right now, Canada has put \$100 million on the table to work between Canada and California in this area.

The costs would very much depend. We haven't costed them because it would very much depend on the strategic choices that Canada makes. Say Canada wants to be in clean technology; then how much money would it like to be able to encourage the support for international—

Mr. Mike Wallace: So the program we talked about already exists, in one sense, but you'd like to see it expanded into other areas.

Mr. Vaughan Dowie: Exactly.

Mr. Mike Wallace: What you have explained to me is not what I read here. You're not talking about something that was developed at McGill and we have an industry that's interested or has a potential to be commercialized.

Mr. Vaughan Dowie: No, we're talking about trying to develop research consortiums internationally, where Canada would choose the sectors and the parts of the world it wants to work in. There are, for instance, existing programs, such as ISTP.

Mr. Mike Wallace: Right. Is that funding coming out of Trade, or is it coming out of Industry Canada?

Mr. Vaughan Dowie: Some of it is coming out of Trade and some out of Industry Canada.

Mr. Mike Wallace: My last question is for Merck.

With respect to the \$300 million for the vaccine for young women, is the \$100 million a leverage issue that we try to get other provinces on board with? Who decides which vaccine—it might not be a Merck vaccine, because other people do produce vaccines in the world—gets funded and which one doesn't?

Mr. Christian Blouin: In Canada, after any vaccine—not only the Merck vaccine, but any vaccine—has been approved and has passed the tests of safety and efficacy, there's a national body called the National Advisory Committee on Immunization, composed of specialists and representatives from every single province in Canada, which recommends that the vaccine be utilized for public programs.

[Translation]

After that, it is up to each of the provinces to decide for themselves. However, as I was explaining earlier, the federal government must show some leadership when it comes to public health, given that the programs are not being implemented soon enough or in a timely manner.

Mr. Mike Wallace: Thank you.

The Chair: I would like to thank everyone for their presentations and answers to our questions.

We will suspend the meeting for two minutes.

[English]

We will bring the other panel forward.

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_____ (Pause) _____

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• (1040)

[Translation]

The Chair: Good morning, everyone. I would like to thank you for joining us.

You are the second panel we have received here today. Each panel has an hour and a half, and each witness has five minutes to give his or her presentation. After all the presentations have been given, members from all the parties will have a chance to ask questions.

Since Ms. Samson of the Association des producteurs de films et de télévision du Québec is absent, we will begin with the Shipping Federation of Canada.

[English]

Mr. Michael Broad (President, Shipping Federation of Canada): *Merci.* Thank you.

Mr. Chair, distinguished members of the House standing committee, thank you for providing us the opportunity today to participate in this committee's hearings on the 2009 budget consultations.

My name is Michael Broad, and I am president of the Shipping Federation of Canada. I'm accompanied by Captain Ivan Lantz, our director of marine operations, who will assist in responding to your difficult questions.

The Shipping Federation of Canada represents the ships and their operators that carry Canada's international trade. Our contribution to the 2009 pre-budget consultations is to raise a red flag regarding the urgent need to provide funds for the replacement of the Canadian Coast Guard's icebreaking fleet.

As past budgets have earmarked funds for the coast guard's fleet, there is a widespread belief that renewal of the icebreaking fleet is being taken care of and that the government can therefore focus on other priorities. We are here to advise that the funds announced in previous budgets were actually flagged for other types of vessels. Indeed the only icebreaking funds that have been allocated are to a polar icebreaker dedicated to Arctic waters. This means that navigation south of the 60th parallel, which is where almost all shipping activity takes place in this part of the country, has had to make do with an aging icebreaker fleet that is stretched to its limits in terms of capacity and liability and provides no margin for error. Unforeseen circumstances are emergencies, and it is increasingly costly to maintain.

The essence of our testimony is simple. Canada is already at the precipice with respect to its icebreaker fleet and must act now to address the situation. More specifically, the coast guard needs funds to replace seven icebreakers, six medium and one light, and one ice-strengthened vessel, and to add one more ice-strengthened vessel to its fleet. Our recommendations cover nine out of the existing fleet of 18 vessels supporting ice navigation. We estimate they will cost between \$330 million and \$990 million to build, depending on whether the icebreakers were purchased under commercial terms on the international market or built in Canada.

Although these funds have to be earmarked now to get the process started, the actual delivery of the vessels could take as long as 10 years due to the complexity of the government procurement process. In the meantime, eight of the existing ships that have to be replaced will need to be refurbished, which we estimate will cost some \$130 million. Therefore the total cost of our recommendations for replacement and refurbishment translate into a budget proposal ranging between \$460 million and \$1.12 billion.

Our written brief refers to the coast guard's 2008-2011 business plan, which was the most recent plan available when we wrote the brief this past summer. However, the coast guard has released its plan for 2009-2012, which includes the following points of interest. We've printed the relevant excerpts of the new business plan in French and English for circulation by the clerk.

The coast guard will develop its first integrated investment plan in 2009-10, announced under priority three. We recommend a comprehensive fleet replacement plan be integrated into this plan and that the government earmark the corresponding funds. The cost of replacing the coast guard's entire fleet—that's not just icebreakers, that's everything including 22 helicopters—is about \$10 billion, while the fleet's net book value is only \$463 million. This clearly reflects the extent to which the coast guard's asset base is deteriorating.

Furthermore, fleet replacement estimates have doubled over last year, when they were about \$5 billion, due to a marked escalation in vessel replacement costs—and I quote the coast guard on that.

The report—that's the 2009-2012 coast guard business plan—acknowledges, and I quote from section 5, "Financial Information, Assets and Liabilities":

In recent years it has become apparent that the inadequate recapitalization of our Fleet assets would result in the eventual inability of CCG to sustain its required levels of service.

Table 22 of this report, which provides an overview of the coast guard's major capital and planned expenditures, shows vessel life extension totalling \$74.5 million and vessel refits and refurbishments totalling close to \$330 million over the next five years. Such a budget would cover, at least in part, the cost of extending the life and refurbishing eight of the existing vessels mentioned in our recommendations. However, the budget item entitled "Procurement of Major Vessels", which totals \$1.1 billion over five years, does not include any icebreaker for navigation south of the 60th parallel.

● (1045)

Annex D to the 2009-2012 plan represents the follow-up actions taken in response to the nearly ten-year-old Auditor General's recommendations of 2000 and 2002, which include the need to procure new and replacement vessels. Although the coast guard lists a number of vessels for which it has taken action, it makes no mention of replacing the icebreaker fleet.

As mentioned in our brief, we along with a number of other stakeholders are seriously concerned with the government's inaction with respect to planning the renewal of the icebreaking fleet. Such planning is particularly important given the age of the existing fleet, the key role it plays in ensuring the safety of winter navigation, and the huge delays that are intrinsic to the process of procuring and delivering new ships. Starting to plan today will allow for new ships to be delivered in eight to ten years. Each year of inaction or postponed action generates escalating maintenance and refurbishment costs and increases the vulnerability of the system as a whole.

Mr. Chair, distinguished members of the committee, we thank you for your attention. I'd be pleased to answer questions later.

Thank you.

The Chair: Thank you very much for your presentation.

We'll now go to the *Fédération des producteurs de porcs du Québec*, s'il vous plaît.

[Translation]

Mr. Bernard Verret (Executive Director, Fédération des producteurs de porcs du Québec): Thank you, Mr. Chair.

Distinguished committee members, this morning I will be presenting a report prepared by Jean Lecours and Rémy Laterreur. The Fédération des producteurs de porcs du Québec is giving this presentation in order to demonstrate how this group's recommendations correspond to the opinions of the Fédération des producteurs de porcs du Québec and the Canadian Pork Council.

Given the many problems facing the pork industry in recent years, a group of individuals within that industry decided to join forces to try to come up with new solutions to address the pork production crises we have seen. These problems include rapidly changing exchange rates, new grain-based products like ethanol, emerging diseases like circovirus and, more recently, A (H1N1), commonly known as swine flu. People met over the summer to try to find some long-term solutions for the pork industry.

I would like to point out a few facts. In Quebec alone, the pork industry employs 24,000 people. It is one of the 10 largest export industries in Quebec and it generates a great deal of business.

The working group decided to present this report as part of the annual hearings on pre-budget consultations. In this report, we did not describe the problems, but rather the solutions to be implemented over the next few years.

The working group recommends pursuing three main objectives. First of all, funding is needed to allow an organization—one that is independent of the federal and provincial governments—to analyze the competitiveness of Canadian pork producers compared to our foreign competitors, primarily the United States, Brazil and Europe.

The Government of Canada should also launch a campaign to promote Canadian pork products, since we are seeing more and more American pork products on our supermarket shelves. It is estimated that in Quebec and Canada, an exporting country, approximately 20% to 30% of the meat on our shelves is American. Financial assistance must be given to pork producers in specific regions in Canada that are facing the common problem of disease, in order to help them reposition themselves so they can be more competitive on the international free market.

The first recommendation—which involves obtaining financial assistance for a stakeholder organization to analyze competitiveness—would be more like structural assistance, rather than a major budgetary expenditure. The cost of this would be somewhere in the hundreds of thousands of dollars, not millions. For the past few years, managers in the pork industry have been plagued by financial difficulties for the reasons I mentioned a moment ago. These issues have caused a certain amount of pessimism about the future among pork producers.

However, considering the increased pork production in emerging countries, as well as in the United States, for instance, farmers are wondering if the cost of producing pork in Canada is similar to and competitive with the cost in other countries. In Canada, particularly in Quebec, pork producers face a number of environment restrictions and other restrictions regarding the use of drugs. Our social and environmental costs are sometimes higher than those of our competitors on the international free market.

Do these increased production costs allow businesses to remain competitive in the global market, and what weaknesses can be

identified in the pork industry? Do they have to do with grains, pork production, processing or access to foreign markets?

In order to enhance the legitimacy of the competitiveness study, it must be conducted by an organization that operates independently of the pork industry and the various levels of government. It would be inappropriate for the Government of Canada to conduct such a study, since it provides financial assistance to pork producers through programs like AgriStability and AgriInvest. We believe that managers in the pork industry and the various levels of government must be given this information as soon as possible so they can make the right decisions to help grow our pork industry. This recommendation is supported by the Canadian Pork Council as well as the Fédération des producteurs de porcs du Québec.

• (1050)

The second recommendation calls on the Government of Canada to launch a campaign to promote Canadian pork products. As I explained in my introduction, foreign pork products, especially from the United States, are now filling store shelves on a regular basis in many major Canadian grocery stores. However, we would like to work with various partners to create an organization to promote Canadian pork.

Lastly, the third recommendation calls for more money, but that must come third. In very specific regions of Canada where producers face particular problems, such as environmental problems or competition-related problems because of specific diseases, it is a question of upgrading the buildings with new technology in order to eliminate disease, the main cause of decreased competitiveness and profitability among Canadian producers.

This concludes my presentation.

• (1055)

The Chair: Thank you very much for your presentation.

We will now go to the Fédération étudiante universitaire du Québec.

Mr. Jean Grégoire (President, Fédération étudiante universitaire du Québec): Thank you, Mr. Chair, honourable members, and distinguished participants of this pre-budgetary consultation.

Before I begin, I would like to introduce Lysiane Boucher, federal and international affairs coordinator for the Fédération étudiante universitaire du Québec. My name is Jean Grégoire, and I am the president of the FEUQ.

The FEUQ represents 16 member associations and over 125,000 university students in Quebec. For over 20 years now, it has been defending the rights and interests of students before, during and after their studies.

One thing that all political parties can agree on is the fact that Canada must work hard to get through the economic crisis. Several scenarios come to mind, but one aspect that often comes up has to do with the knowledge economy.

The knowledge economy is developing in several ways, but primarily through education and research. Of course education falls under provincial jurisdiction. That said, the federal government can help Canada as a whole actively develop by stimulating economic recovery through knowledge-based investments, for the well being of all Canadians. Specifically, this could be done by restoring the Canada social transfer, by providing adequate funding to granting agencies and by funding indirect research costs.

Regarding the Canada social transfer, in 1994, the Liberal government drastically cut provincial funding by eliminating much of those transfers, in order to achieve a zero deficit.

At this time, taking inflation into account, along with the increased number of beneficiaries, \$3.5 billion is missing from Canada's social programs, including the post-secondary education system. Some \$820 million is owed to Quebec. We are not asking for a funding increase; rather, we are simply asking that the funding provided to the provinces in the past be restored. In concrete terms, the under-funding of our university system is a direct result of this shortfall, as is the trend of researchers going abroad, allowing others to benefit from their knowledge and talents.

As for the funding provided to granting agencies, this relates to another crucial aspect of the Canadian economy: the development of knowledge and innovation. Quebec and Canadian universities provide the framework for the development of ideas and technology. Granting agencies were created to fund such research projects. At present, this major funding shortfall is crushing granting agencies, which means that many grant applications cannot be funded. As we know, the university selection process is already extremely rigorous regarding students who can apply for grants from these granting agencies. So, by limiting their funding, Canada is depriving itself of the best students and the best research opportunities that could help this country become really competitive on the international stage in terms of knowledge.

Regarding indirect research costs, not only are research projects underfunded, but all research activities are suffering from a lack of resources. Indirect costs—such as service costs and the cost of maintaining research space—total approximately 65% of all research costs. Universities are not in a position to cover these costs, which can be astronomical, and this also limits Canada's ability to develop a very highly qualified work force.

In conclusion, although education falls under provincial jurisdiction, it must be regarded as a tool for economic development and prosperity for Canadians. The current government must correct the mistakes made by previous governments and restore Canadian social transfers. Furthermore, in order to remain competitive on the international stage, develop its knowledge economy and get out of this crisis, Canada must focus more on research funding, particularly by increasing funding to granting agencies and by funding indirect research costs.

A university education generally translates into a higher salary. Higher salaries mean more income for the state. It is high time the government stopped thinking of education and research as an expenditure, when really, they should be considered an investment.

This is what the Fédération étudiante universitaire du Québec believes that Canada must do to get out of this crisis and prepare for the future.

Thank you.

• (1100)

The Chair: Thank you very much.

As our final presenter, we now have the Quebec Port Authority, please.

Mr. Ross Gaudreault (President and Executive Director, Quebec Port Authority): Good morning, Mr. Chair.

My name is Ross Gaudreault, and I am the president of the Quebec Port Authority, not to be confused with Quebec pork.

Some hon. members: Oh, oh!

Mr. Ross Gaudreault: Mr. Mulcair, Ms. Gagnon, good morning.

Ladies and gentlemen, I have been the president of the Quebec Port Authority for 22 years. Here with me today is the executive vice-president, Marcel Labrecque. When I joined the Quebec Port Authority 22 years ago, the port was in a very bad state. It handled 11 million tonnes and served zero passengers. After 22 years, this year, it handled nearly 28 million tonnes—making Québec the second largest port in Canada, in terms of tonnage. Furthermore, we also served nearly 100,000 passengers.

We have a problem: we have run out of space. We need to expand. We have a three-step plan for our expansion. The first phase involves a system to improve our loading and unloading procedure, given that we are now a port of the Great Lakes, which has become the Port of Québec's source of strength over the years. That is what has made the Port of Québec so successful: the fact that we serve the American and Canadian Great Lakes. We are competing with the American east coast and New Orleans. We serve everything from the steel plants to western Canadian farmers. We truly are a port of the Great Lakes, Ontario and western Canada.

So, we have run out of space, and we plan to expand two wharfs. This absolutely crucial. We have a three-step plan. The first phase consists of outfitting the Port of Québec with more modern equipment. Indeed, when we reached the point of having no more space, ships were paying a fee of \$200,000 a day. We could not allow ships to anchor. We therefore invested \$30 million in a new, faster unloading system, which will allow ships to get back on the water quicker and not have to pay a \$200,000-a-day fine. We ordered the new machine, it has arrived, and we are in the process of installing it, but unfortunately we could not benefit from any funding from the new infrastructure Canada program, because we had already ordered the equipment. At the time we had to borrow \$30 million from the Royal Bank, and we have nearly finished installing the new machine.

As the second phase of the plan, a new liquid bulk terminal is absolutely essential, given that we provide all of Air Canada's jet fuel for Pearson International Airport. It goes through the Port of Québec. Since we have run out of space, we must build a new wharf for liquid bulk and we need to deepen our wharfs. Indeed, the success of the Port of Québec stems from the fact that it is a deep water port. As a result, Quebec can accommodate ships of up to 125,000 and 150,000 tonnes, and unload them onto lakers that sail on the Great Lakes. We currently have only one 15 metre wharf, and we need to deepen wharf 51-52 to 15 metres.

The third part of our plan consists of building two new wharfs to allow us to meet increasing business demands.

Thus, we are here this morning calling on the federal government to develop an infrastructure program adapted to the needs of Canadian port authorities, one in which the federal contribution represents 100% of the cost of structural infrastructures.

Furthermore, we are also asking the Government of Canada to acknowledge the importance of the Port of Québec to the development of Canada's international trade, by allocating a budget of \$383 million over three years, funding that would allow us to complete the three aspects of phase two of our expansion project.

Thank you.

The Chair: Thank you very much.

We will now proceed to questions from the members.

We will begin with Mr. Pacetti, who has seven minutes.

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

I would like to thank the witnesses for their presentations. It is always interesting. One of our challenges is to ask all our questions in a limited time period.

I would like to begin with Mr. Verret. With respect to the pork market, what has been happening around the world over the past two or three years? Has there been less demand or increased competition?

Mr. Bernard Verret: A little of both. First of all, in recent years, the value of our dollar has risen, which makes it harder for us to compete.

At the same time, demand continues to increase. Pork is the most commonly eaten meat around the world, more so than chicken or beef. Some 50% of the world's pork consumption is in China, which is a growing economy and where demand is increasing.

• (1105)

Mr. Massimo Pacetti: Are there problems penetrating markets in Asia, like the Chinese market? If I am not mistaken, Japan was once a major importer of pork.

Mr. Bernard Verret: Yes, Japan is a major pork purchaser. It is our biggest pork purchaser after the United States, which is our main customer. Japan is the main customer at this time. The customer of the future is China. Yes, we are having difficulty exporting to China, because our plants were closed due to H1N1, the virus known as swine flu, but what we need is support campaigns to reopen those markets. This is in the works right now.

Worldwide pork consumption is increasing and will continue to increase. We are currently facing a global crisis. Because of this crisis and H1N1, pork consumption has dropped recently, but we should see a recovery in a few years.

Mr. Massimo Pacetti: There has been no help from the government during this time?

Mr. Bernard Verret: We have had some help from the provincial government and federal programs like AgriStability. However, in the case of AgriStability, assistance is decreasing gradually over time. When a crisis goes on for too long, assistance disappears.

Mr. Massimo Pacetti: I am not an expert in this area, but I know that recently, the government implemented a program specifically for pork producers. Do you not support that program?

Mr. Bernard Verret: Yes, we do support it. In recent weeks, the government announced a \$75 million program. This funding, however, is for the short term. However, our report deals with medium- and long-term structural aspects, not short term solutions. We will work with these programs as well as provincial programs.

Mr. Massimo Pacetti: In your first recommendation, is there a dollar amount?

Mr. Bernard Verret: This report was prepared by a group. It must be associated with the Fédération des producteurs de porcs du Québec and the Canadian Pork Council. It will involve hundreds of thousands of dollars, but not millions or billions.

Mr. Massimo Pacetti: Thank you.

Mr. Jean Lecours (As an Individual): May I add something?

Mr. Massimo Pacetti: Quickly, please. This time has been allocated to me; it is not the Chair's time.

Mr. Jean Lecours: As Mr. Verret was saying, pork producers, people from the industry and from the federation, came together this summer. The industry was facing a problem. Yes, cash is needed in the short term, but really, pork producers are wondering if the industry has a future. Financial assistance is needed, but we also need to ask some serious questions about the future of pork production. If structural changes need to be made after that, we will have the tools to do so. Producers are wondering if they should continue producing.

Mr. Massimo Pacetti: That was my question. Thank you.

Mr. Gaudreault, our committee is currently travelling across the country. Last week we were in Vancouver. Major investments have been made in British Columbia in the wake of the Pacific Gateway Strategy to the tune of over \$500 million, even \$700 million or \$800 million. Before you answer this question, I would like to ask you another one.

Is the Port of Quebec in competition with other ports in eastern Canada, those of Halifax, Montreal or Trois-Rivières, for example?

Mr. Ross Gaudreault: No, we are not really in competition with other ports along the St. Lawrence. We are not in the same market. We are the Great Lakes port; we send shipments to the Great Lakes on both the U.S. and Canadian sides.

Mr. Massimo Pacetti: In that case, do you not think it is time to consider a common strategy for all ports in eastern Canada to expand markets and boost international trade with Europe?

Mr. Ross Gaudreault: The Government of Canada has set up trade corridors for western Canada, Ontario and Quebec and for Atlantic Canada. Of the money allocated to those trade corridors, very little will go to the ports. All of it is going to the railway, roads, bridges and airports. There will be nothing left over for the ports. That is why we are here today. Had we received money within the framework of the trade corridors, we would not have made a project application. There is no money for us. A decision needs to be made: do you want ports or not? That is what it comes down to.

• (1110)

Mr. Massimo Pacetti: If the railways are linked to roads that have access to ports, but the latter are not part of the project, then I wonder what the strategy is. However, that is not the situation in Vancouver.

Mr. Ross Gaudreault: In Vancouver, the budget to implement this trade corridor was \$2.5 billion. It was easy to make plans with that kind of money. We do not have that kind of budget. We are not getting government handouts. Every year in the Quebec City area, we generate \$600 million in our regional economy. We are directly or indirectly responsible for 6,000 jobs in Quebec City, and what is more, we pay the federal government \$54 million in taxes every year. We pay \$100 million in taxes to the Government of Quebec. We are fuelling the economy.

I was head of the alliance that brought together the three Americas in Washington. Hundreds of thousands of dollars were spent every year to try to find a motto to illustrate the importance of ports to the economy. We found one this year, "Ports bring prosperity".

[English]

"Ports bring prosperity".

[Translation]

It is true. That is an important aspect of transport in Canada, and the least polluting one as well.

[English]

The Chair: We'll go to Mr. Wallace, please.

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

First of all, I want to thank Monsieur Laforest for switching time with me because I have to catch a flight, so I really appreciate it. If I leave, it's not because I don't want to hear what you say; it's just that I have another meeting in Ottawa I have to be at.

Very quickly to the Shipping Federation, you represent foreign shippers, as I understand, right?

Mr. Michael Broad: We're the shipowners.

Mr. Mike Wallace: You've come here asking for us to look at the icebreaking capacity or improvements down in the St. Lawrence area, in the south part. If you're showing me a business plan from 2009-2012, why didn't the coast guard itself recognize that issue? I appreciate your providing that to me today. I was looking at it while you were talking. If they aren't recognizing it as an issue, why are you, and why did they miss it?

Mr. Michael Broad: I don't think they missed it; I think there were other priorities that they felt were out there, and I guess the government had priorities for polar icebreakers up in the Arctic. Also, I think it's a question of funding: where are they going to get

the money from? So we're here to ask on their behalf for funding so that they can put together a plan.

Mr. Mike Wallace: You're not asking us to look at the specifics of it and rearrange their priorities but to ask for more money to move their priority list up.

Mr. Michael Broad: Yes.

Mr. Mike Wallace: The range that you have in your presentation is quite significant—where the money is from one level to another. Can you explain why there's such a variety?

Mr. Michael Broad: It's a rough estimate, but I guess the easiest way is that to build a ship overseas, there's cheaper labour, more volume, and better facilities to build these kinds of ships. Whether we even have the capacity here to do it is another question, but there's a big difference in the—

Mr. Mike Wallace: Are your members in the marketplace, buying ships at the present time?

Mr. Michael Broad: No, there are not a lot. There are a few specialized carriers that are buying new ships. However, some of the companies, like container people, are trying to find employment for the ships they have. There has been a huge increase in the number of ships that have come out of shipyards in the last two years, and the market has died.

Mr. Mike Wallace: Right. So in your view, would it be a good time for us to be out?

Mr. Michael Broad: Absolutely. To look at building new ships, yes. In fact, the coast guard said in its 2009 review that the cost of replacement has doubled from \$5 billion to \$10 billion, its whole fleet. I'd say that cost would be down now because of the marketplace. People have stopped ordering ships, so it's a prime time.

Mr. Mike Wallace: The balance of my questions are for the Quebec Port Authority. A couple of years ago, Mr. Chairman, I was there with some of my Quebec City colleagues for a tour and a presentation, and I really appreciated the information.

The request that you're making today, is it specifically for your port or is it more of a national port authority program you may be part of?

• (1115)

Mr. Ross Gaudreault: There are two things. We have to have total financing; otherwise we can't do it. So it's really for our port, but you have to change the approach a bit, because right now in the infrastructure program we have to pay 50%. We can't afford to pay 50% of \$382 million, because our top borrowing limit is \$54 million. We've already borrowed \$25 million twice, and now \$30 million, so we're over our limit and we cannot finance that. It's impossible, because we don't produce enough cashflow to build a new wharf, and there will be no expansion if it's not financed by the Government of Canada.

Mr. Mike Wallace: The expansion isn't for container work, it's for liquid shipping—or is it for container work also?

Mr. Ross Gaudreault: In the business we are in, it's for liquid bulk and dry bulk.

Mr. Mike Wallace: Okay. You're not the only port authority, obviously, with a borrowing limit as part of the legislation. I have had other port authorities talk to me about changing those limits in terms of being able to borrow against your assets. If that limit were not there, would you have more capacity to borrow?

Mr. Ross Gaudreault: Well, we've changed our borrowing limit. We can apply to change it and we've already changed it three times. When we're over our limit, we go back to Ottawa, and they study it and then give us \$10 million, \$15 million, \$20 million, depending on whether or not we can reimburse the amount.

Even if you were to give me the right this morning to borrow \$383 million, forget it, because I couldn't pay it back, as we don't generate enough cash to pay back such a large loan.

Mr. Mike Wallace: Okay, the next question I have for you is regarding your expansion. Now, I've been to every port except Montreal's, for some reason, as there was an issue that meant I couldn't make it to that one. But the issue often deals with the municipality and the amount of space they have and encroachment into recreational or residential areas.

Do you have that issue at the Quebec City port, where the municipality would rather see it as condos and...?

Mr. Ross Gaudreault: No, the mayor of Quebec supports the expansion of the port because we already have the land. We went through an environmental study in 1984 and 1985, and we are permitted to extend the port by two wharfs, and after that permission is terminated.

Mr. Mike Wallace: So the EA, the environmental assessment, for that has already been done?

Mr. Ross Gaudreault: Yes, and right now we are updating our study, but we are allowed to build two wharfs. After that, there will be no more expansion of the Port of Quebec.

Mr. Mike Wallace: For the students federation, I was once the president of the student council at the University of Guelph, and someday you may be sitting on this side of the table, so thank you for your presentation.

You were talking about restored levels of funding. Is that what you're asking to come back, and what amount would that be?

[Translation]

Mr. Jean Grégoire: We are currently asking for \$3.5 billion, an amount based the cuts that were made in the wake of the Axworthy reform. If we consider the cuts, the increases and the two transfers that were made in 2009-10, \$10.853 billion will have been given to all the Canadian provinces in transfers for social programs. Now, to equate—

[English]

Mr. Mike Wallace: Can I ask you a question about that? Where are you getting that number? Our social transfer went up some 3% last year in our budget, so I don't know where you're getting that number from.

[Translation]

Mr. Jean Grégoire: Indeed, investments were made, but if we consider the cuts in 1994 and the two investments that have been made, including one that was dedicated and another that was calculated in the total amount, we should have asked for \$4.2 billion. We decreased our request to \$3.5 billion and all the social groups agree on that number.

[English]

Mr. Mike Wallace: I see. You've gone back to when the Liberals cut the money to the provinces, and you want it back to those levels.

Thank you very much.

[Translation]

The Chair: Thank you.

[English]

Thank you, Mr. Wallace.

Madame Gagnon, s'il vous plaît, pour sept minutes.

[Translation]

Ms. Christiane Gagnon: Thank you.

My questions are for Mr. Gaudreault and Mr. Labrecque from the Port of Quebec. I want to thank the other witnesses who are here today to shed light on various aspects and challenges. Later my colleague will go over other aspects that have been raised.

You want to expand the Port of Quebec, which would benefit Quebec City's economy. However, there are questions that concern some people and certain environmental associations.

You developed the Baie de Beauport to the tune of \$20 million and the planned expansion might hinder certain winter sports because the wind would be blocked and we know full well that it takes sea currents to do kite surfing. Environmentalists are also concerned that this could cause more traffic, among other things.

In your brief you say you will meet environmental requirements. What type of requirements are you referring to? Are you referring to land use, which is less demanding and will be handled by the Port of Quebec, or will you use a commission and public hearings?

As MPs, we listen to people. Economic diversification is important in the Quebec City area and it creates good jobs, but we must also consider other aspects such as the environment and the development of the Baie de Beauport. Those who use the Baie de Beauport are also concerned about the expansion of the Port of Quebec. We have not seen the plans. They may be very nice, but perhaps more people should be included.

• (1120)

Mr. Ross Gaudreault: I will answer part of your question and Marcel will answer the part on the environment. It is true that you have not seen the plans. We are far from that stage. People have not seen the plans. We did not spend more than \$20 million for nothing on the Baie de Beauport; we are not going to just close it. The Port of Quebec expansion project will not hinder the Baie de Beauport in any way. On the contrary, when you see the plans, you will understand. I cannot talk about it with you this morning, but I can say that we are improving the Baie de Beauport project.

As far as the environment is concerned, we will do our homework. We cannot engage in a project like this in secret. Expanding the port is a big project. It is very important to respect the environment and that is what we will do. Marcel will provide a bit—

Ms. Christiane Gagnon: Will you do so through the land use policy? I think that would be insufficient for the type of expansion you are planning in the port.

Mr. Ross Gaudreault: Marcel will answer that question, Ms. Gagnon.

Mr. Marcel Labrecque (Executive Vice-President, Quebec Port Authority): Ms. Gagnon, we are doing what it takes for the project to be considered socially acceptable. We are aware of the concerns of the environmental groups and certain people who spend time in the Baie de Beauport area. We will take all the necessary measures under federal legislation, namely by setting up more elaborate consultations if there are greater concerns. That is a commitment from the Port of Quebec and its board of directors.

The Chair: Mr. Laforest, you have the floor.

Mr. Jean-Yves Laforest: First, good day and welcome to all the witnesses.

My question is for the Fédération des producteurs de porcs du Québec. You are part of the Union des producteurs agricoles du Québec, the UPA. According to representations made by the UPA, the AgriFlex and AgriRecovery programs do not seem to be doing what they were intended to do. The UPA has long been calling on the federal government to transfer funding to the provinces so that provinces like Quebec can adapt support programs according to context, in other words, have greater flexibility depending on yield and crop.

Is this position consistent with what you are asking for today? Does it go together? Do you have any problem with this?

Mr. Bernard Verret: I will tell you more or less what I told Mr. Pacetti a little earlier. One of the two programs, AgriFlex or AgriRecovery—I do not know them by heart—protects producers for a period of time as a way of protecting margins in the medium term. These programs have to be tweaked, but that is not what our brief is about. Nonetheless, it would be useful to revise or improve these programs to support farmers who are dealing with long periods

of crisis or one crisis after another, be it a quick change in the exchange rate, a disease or changing rates that break the production cycle.

• (1125)

Mr. Jean-Yves Laforest: The question is not really about increasing the allocations to those programs. It has more to do with the request the UPA has been making for a long time and that is for programs to be transferred to and therefore managed by the Government of Quebec. Do you have an opinion on that?

Mr. Bernard Verret: The Fédération des producteurs de porcs du Québec thinks it is a shame that the federal and provincial programs have difficulty coordinating. As pork producers, we do not want to engage in politics. We want assistance programs to be effective. Sometimes we notice that there are coordination problems.

Mr. Jean-Yves Laforest: Are you saying that you disagree with the UPA's position on that?

Mr. Bernard Verret: I do not disagree with the UPA, but that is not what the brief is about.

Mr. Jean-Yves Laforest: I understand, but the fact remains that the UPA would like the Government of Quebec to run these programs. Do you agree with that?

Mr. Bernard Verret: As far as the UPA is concerned, I agree, but that is not what the brief is about.

Mr. Jean-Yves Laforest: Thank you.

The Chair: Thank you, Mr. Laforest.

Mr. Mulcair now has the floor.

Mr. Thomas Mulcair: I want to thank everyone here this morning.

My first question is for the Fédération étudiante universitaire du Québec. Earlier you spoke of the importance of understanding that education is first and foremost an economic lever. It is true, not enough credence is given to the fact that the only way to increase wealth is to increase knowledge.

You talked about successive cuts to education transfers. How much would you say the shortfall is today?

Mr. Jean Grégoire: The shortfall in Canadian transfers to social programs is \$3.5 billion.

Mr. Thomas Mulcair: What portion of that is for post-secondary education?

Mr. Jean Grégoire: That is difficult to determine since it is an envelope for social programs. It is up to the provinces to decide where to allocate the funding based on needs in social programs and education. For the Province of Quebec, the total envelope is roughly \$800 million. We are asking for some flexibility with respect to social programs. We are not asking for an envelope to be dedicated to education.

Mr. Thomas Mulcair: Indeed, it can be quite a delicate balance. As you pointed out so well in your presentation, this is strictly a provincial jurisdiction. The fact remains that in areas like immigration, where Quebec is the only province to have shared responsibility with the federal government for that jurisdiction, significant funding is transferred. According to some groups, that funding, which is meant to be allocated to programs to help immigrants integrate, vanishes from the consolidated revenue fund. It then becomes very difficult to determine whether or not that money was transferred.

I can tell you that the NDP made its priorities clear when it forced the Paul Martin government to use the \$4.5 billion that was supposed to be used to cut taxes for the wealthiest corporations. It transferred \$1.5 billion for post-secondary education and similar amounts for other social programs such as social housing and public transportation. That is a reflection of our priorities.

I must tell you that I greatly appreciated the tone of your presentation. It was truly a credit to your professionalism. Your contribution here today provides very important food for thought. I sincerely thank you for your presentation.

I now have a question for Mr. Gaudreault on the environment.

Mr. Gaudreault, you will recall that the Quebec Port Authority tried to prevent people from being critical about the Rabaska project. Can you explain the genesis of that action?

Mr. Ross Gaudreault: That story is being blown out of proportion. A lot of people said a lot of things. Some said that we will disrupt the cruise boats around Île d'Orléans. People from Île d'Orléans said that this made no sense and that it would affect the cruise boats, but the cruise boats are miles and miles away. It is a pack of lies. They said it could not be done. Some even wrote to the presidents of the cruising companies to tell them to wake up because they were going to be affected by a megaproject that could have an impact on the cruises. In Barcelona, there was a terminal that was just one kilometre from the cruise boats. People tried to block the project. They wrote to the presidents of the cruising companies to warn them about the danger. They instil fear in the clients for nothing. That is all they wanted to do. Let us stop telling stories and start presenting facts.

• (1130)

Mr. Thomas Mulcair: You are right in saying that you did not try to prevent—

Mr. Ross Gaudreault: Absolutely not.

Mr. Thomas Mulcair: I think it would be more accurate to say that you were unable to prevent people from being critical because you did indeed try. You went to court.

Mr. Ross Gaudreault: No, we did not try to prevent anything. We told those people to tell the truth when they write to my clients. I have to speak up because they are my clients. I brought them to the St. Lawrence myself. When someone writes or tells lies to my client, it is only natural for me to respond to my client and tell them not to listen to all that.

Mr. Thomas Mulcair: I will try to address this matter without saying any old thing. I am very familiar with this issue, believe it or not.

Mr. Ross Gaudreault: I know. In fact, I remember you.

Mr. Thomas Mulcair: How many miles did you say the liquefied natural gas carrier travelling between Île d'Orléans and the south shore would be from the cruise boats? How many miles are between the south shore of Île d'Orléans and the south shore of Quebec City?

Mr. Ross Gaudreault: No, I was talking about a docked LNG carrier and a cruise boat travelling by. It is the same thing as in Boston.

Mr. Thomas Mulcair: I have been to Boston. What is the same thing as in Boston?

Mr. Ross Gaudreault: There is a natural gas terminal in Boston.

Mr. Thomas Mulcair: Yes, in the Everett area of Boston.

Mr. Ross Gaudreault: There are cruise boats there as well. The terminal does not interfere with the cruise boats.

Mr. Thomas Mulcair: Do you have any inkling what the U.S. Coast Guard does every time an LNG carrier—

Mr. Ross Gaudreault: I know there is a problem involving all stakeholders. People went to look and the terminal does not seem to bother the cruise boats in Boston.

Mr. Thomas Mulcair: My name is Thomas: I like to look at things and touch them before I am convinced. I think that should be your approach, Mr. Gaudreault, because if you went to Boston to see what the Coast Guard calls for, then you would understand. I met the highest ranking officials in the U.S. Coast Guard. They told me that to install a liquefied natural gas terminal so close to a population as large as the one in Quebec City is pure foolishness. Those are their words, not mine.

Did you know that when any pleasure craft approaches an LNG carrier in Boston, the Coast Guard is instructed to use deadly force? When I was in Boston in January 2006, the highest ranking officer in the Coast Guard gave me a concrete example. He told me that during the previous summer, some young people on a boat approached an incoming large LNG carrier and he looked into filing disciplinary action against his own staff because they did not shoot at the boat, which was their only order.

From that to the Port of Quebec going to court to prevent people from having an opinion. Allow me to express my opinion, Mr. Gaudreault. I think you were extremely ill advised to do that. If there is to be a debate on a liquefied natural gas terminal, then let it be. If you think you have valid arguments, then prove it. But if you intend to prevent people from saying what they have to say on a project like this, then that does not bode well on future discussions about your new piers.

Mr. Ross Gaudreault: Do not forget that the liquefied gas project was not on a Port of Quebec pier, but on a private pier.

Mr. Thomas Mulcair: You were still up to your eyeballs in it.

Mr. Ross Gaudreault: I was not against it. I am still not.

Mr. Thomas Mulcair: You said you want people to tell the truth. Let us agree, you and I, to tell the truth.

Mr. Ross Gaudreault: I am not against the liquefied gas project.

Mr. Thomas Mulcair: You did everything you could to prevent people from talking about it. You were in it up to your eyeballs.

Mr. Ross Gaudreault: “Everything”? That is a bit of a stretch. Telling people to tell my clients the truth is what I did. If I had it to do over again, I would do the same.

Mr. Thomas Mulcair: The good news, Mr. Gaudreault, is that the Rabaska LNG terminal will never happen.

Mr. Ross Gaudreault: I was about to say that it has not happened yet.

Mr. Thomas Mulcair: It will never happen and that is excellent news.

The Chair: Thank you.

Mr. Pacetti.

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

I would like to talk to Mr. Grégoire about the Fédération étudiante universitaire du Québec.

Your presentation was good. In the past, the first priority was always to divide the transfers to the provinces into one amount for post-secondary education and another for social transfers. It seems that in the past two or three years, that type of request is no longer being made of the government. I was on the government side when funding for research and foundations was increased and separated. We always said that we increased the funding that was cut in 1984. You cannot see it in the transfers, but it is all there. I think we should first ask what amount is allocated to social transfers and what amount is going to post-secondary education.

• (1135)

Mr. Jean Grégoire: The different amounts that are transferred to post-secondary education mostly consist of loans and bursaries and commitments to foundations. These transfers are not part of the Canada Social Transfer. That is why, together with a host of other social and political organizations across Canada, we keep asking for \$3.5 billion.

Mr. Massimo Pacetti: Can you repeat that? In the \$3.5 billion there are social programs, but there is also funding allocated to post-secondary education.

Mr. Jean Grégoire: It is for education in its entirety, not just for a loans and bursary program. For that type of system, the funding allocated to research is not part of that transfer. The loans and bursary program also needs a great deal of money, as we were saying in our presentation.

Mr. Massimo Pacetti: In 1984, that funding did not exist. The government always told us that it did not replace the cut transfers, that it created these distinct allocations and that if the two allocations were added it would all work out in the wash. They also include the social transfer allocations.

Mr. Jean Grégoire: On one hand, the research funding has been diluted. On the other hand, we have had the right to withdraw from a good portion of the funding for loans and bursaries since the 1960s. The allocations are truly separate. Also, in the past four years, there have been cuts to the transfers to Quebec for loans and bursaries. As such, there is a shortfall for students of more than \$100 million.

Mr. Massimo Pacetti: For loans and bursaries?

Mr. Jean Grégoire: For loans and bursaries in Quebec alone.

Mr. Massimo Pacetti: Was there a transfer? The millennium scholarship program was cut; does that not affect students in Quebec?

Mr. Jean Grégoire: The \$100 million for loans and bursaries we are talking about does indeed cover the millennium scholarships that were cut for the last year. Quebec cannot withdraw with full compensation from the new Canada Student Grants Program, which replaces the CMS Foundation.

[English]

Mr. Massimo Pacetti: To Mr. Broad from the Shipping Federation, what's going to happen with job creation? You're asking for a lot of money to be invested. I'm not sure if I understand. Are all those ships going to be built in Canada? I'm not sure we have the facilities to do that.

Mr. Michael Broad: No. We said we could either build nine of them offshore for \$330 million, or build them here for \$990 million. Those are estimates. I doubt there's the capacity here to do it, but that's not the point.

The point is that the coast guard has a fleet of 18 vessels involved in icebreaking in the Great Lakes, the St. Lawrence, and Newfoundland during the seal hunt. Of those 18 vessels, nine are probably at the end of their lives right now.

Mr. Massimo Pacetti: So it's not a question of economic stimulus and trying to create jobs; it's a necessity.

Mr. Michael Broad: Exactly. You have a fleet that needs to be renewed.

Mr. Massimo Pacetti: We've established that the ships are required, but you're asking the government to invest huge amounts of money. How do you make sure there are spinoffs from that?

Mr. Michael Broad: I think that's for the government to decide. You have a bunch of ships out there that need to be replaced. It's either that or you don't replace them. As the coast guard said, unless they get more funding they won't be able to provide the services they do to so many people—industry, Transport Canada, Fisheries and Oceans, and many others.

Mr. Massimo Pacetti: I understand the need.

Thank you.

[Translation]

The Chair: Mr. Laforest.

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

My first question is for Mr. Grégoire. I would also like to make a comment.

Earlier Mr. Wallace alluded to the requested funding. We know you were talking about \$820 million for Quebec. This is a request that is quite often made by the Bloc Québécois. We go over this quite often during question period. That amount was never provided for post-secondary education in Quebec. That is very important. We will continue to fight for it.

Mr. Wallace also said earlier that you went back to the time when the Liberals were in power. I want to remind the committee that the Conservative government has nevertheless been in power for four years now and it has never corrected any of this. There was no reason for Mr. Wallace to smile.

It is important that you take a little time to provide us with some context as to the significance of this \$820 million for Quebec.

• (1140)

Mr. Jean Grégoire: Over the past year, we have worked with other organizations in Quebec to calculate how much we are owed. The cuts to post-secondary education did indeed occur under Mr. Axworthy and had a major impact on funding for universities.

Currently in Quebec, universities are underfunded by \$375 million. A good portion of that amount, or roughly \$260 million, is a shortfall. It is a shortfall related to the transfer, or government funding. This is a significant amount compared to the rest of Canada. These transfers are important for education.

Mr. Jean-Yves Laforest: Thank you.

Mr. Broad, you told us earlier that there was a serious lack of funding to renew the icebreaker fleet for the St. Lawrence Seaway as well as for the far north, I imagine. There are forest fires in Quebec. The Government of Quebec has equipment and planes to combat them. These fires are a reality. Canada is a Nordic country, but I get the impression that these people have forgotten that there is ice in the seaway and that there absolutely needs to be reinvestment.

Is Quebec's current icebreaker fleet adequate for allowing safe navigation and ensuring that trade generated by navigation on the St. Lawrence is maintained?

Mr. Michael Broad: I will ask Mr. Lantz to answer that question.

Capt Ivan Lantz (Director, Marine Operations, Shipping Federation of Canada): No, it is not.

[English]

For the security of commerce, of the industries, the fleet is no longer sufficient. We are missing vessels allocated to the St. Lawrence River and the St. Lawrence Seaway and the Great Lakes for the support of commercial navigation, for the industries—the iron ore transportation industry, the grain transportation industry, the aluminum industry—that exist along the St. Lawrence River and the St. Lawrence Seaway.

We need more vessels now. Last winter we missed vessels. There were days when they had to pull the vessel away from the Quebec Bridge. It is not an acceptable situation to have the Quebec Bridge unattended, at the height of the ice season, by the coast guard.

[Translation]

Mr. Jean-Yves Laforest: Mr. Gaudreault, you said that the Port of Quebec was the second largest port in terms of tonnage. What is the largest?

Mr. Ross Gaudreault: The Port of Vancouver.

Mr. Jean-Yves Laforest: There has been a lot of investment in the Port of Vancouver. I think Mr. Wallace talked about that two weeks ago, when we were in Vancouver.

Mr. Ross Gaudreault: That is why I am not shy to ask you for money this morning.

Mr. Jean-Yves Laforest: It is important that Quebec makes these requests. We have nothing against the fact that Vancouver is very well served. We are talking about an important network open to Asia. Nonetheless, I think that the Port of Quebec is just as important. We fully support you on that. This obviously involves the whole issue of environmental standards that have to be met.

Mr. Ross Gaudreault: We will certainly not do anything without respecting Canada's environmental laws.

Mr. Jean-Yves Laforest: Thank you.

• (1145)

The Chair: Thank you Mr. Laforest.

[English]

Ms. Block, please.

Mrs. Kelly Block (Saskatoon—Rosetown—Biggar, CPC): Thank you very much, Mr. Chair.

Thank you to all of our presenters this morning. Your presentations were very informative in terms of the organizations you represent and the issues you are facing.

My questions are for the pork industry working group. I come from Saskatchewan, and those issues are huge in our province.

As I'm sure you're aware—in fact, the timing of your submission preceded this announcement by our government—on August 15 we delivered a comprehensive restructuring plan, which included an international pork marketing fund of \$17 million for eligible market research, as well as long-term loans with government-backed credit, and finally the hog farm transition program.

I'm wondering, first, if you can provide comments on that, and then provide some comments on our government's announcement today—namely, that we are launching a World Trade Organization dispute settlement process over U.S. mandatory country-of-origin labelling. Today the Honourable Stockwell Day and the Minister of Agriculture announced their request for a WTO panel. Perhaps you could comment on that.

Finally, I'd like to hear more about your first recommendation to provide an organization of stakeholders with financial assistance. Who would that organization be, and how much are you looking for?

Mr. Bernard Verret: Thank you.

First of all, I will answer the second question first: the news of the day. If the federal government has launched some actions against the American way of dealing in the pork industry, it is extremely welcomed, because this COOL in the U.S. has disturbed the trade in Canada, has put the provinces one against each other because of the trade of piglets from Ontario—Manitoba has dumped into Ontario, Ontario has dumped into Quebec—and has created a lot of structural problems. This kind of dealing by the U.S. industry is unacceptable, and to be active with this kind of action is very supportive for the Canadian pig industry as a whole.

Second, the announcement of the long-term loan is good news. It is a point that a loan is still a loan. You need to reimburse the loan. It means that we add some cost to the pig producer in the long term. It's helping, but it is just to bring some blood to a patient who could be sick, and it's not successful survival. We need to have more than just a loan. A loan is like a plaster; it is like a band-aid on a problem. We need to do more than that. It means that we need to act on the way the pig industry is structured. The loan is welcomed because it will give us time to reorganize and refocus and to compete with the Americans.

The \$17 million to expand exportation is also welcomed, because it is the right way to go. We need to create new markets. We need to export, to find new opportunity for export, because in the past, around 10 years ago, our main customer was the U.S. and now our main competitor is the U.S. We need to find new markets. We need to develop new places. We need to open China properly. We need to open Russia. We need to open Ukraine.

Third, who will be the organization...as the provincial government is involved in financing and they have their own budget to control, their own deficit to control? You know, the provinces have ad hoc support, as in Saskatchewan. The government will act with ad hoc programs. We need to have a neutral organization—not a lot of money, we speak of something in the hundred thousands of dollars—to have an independent study to create the leadership to identify clearly where the solutions are for the pig industry in Canada.

The solutions are not the same all across Canada. The pig industry is very different in the east, and it's different from province to province. That is why this paper was quite nice, because it makes sense for everybody. But solutions are not the same for every part of Canada.

• (1150)

The Chair: Thank you.

Thank you, Ms. Block.

We'll go to Mr. Pacetti.

[Translation]

Mr. Massimo Pacetti: Has Mr. Lecours' report been handed out?

Mr. Jean Lecours: It was handed out to those who attended the meeting.

Mr. Massimo Pacetti: Is it a public document?

Mr. Jean Lecours: I have no objection whatsoever.

Mr. Massimo Pacetti: We would appreciate you providing it to the clerk, if possible.

[English]

The Chair: Are you giving them your time?

Mr. Dechert, please.

[Translation]

Mr. Bob Dechert: Thank you Mr. Chair.

Good morning ladies and gentlemen. Thank you for your presentations.

[English]

I have a question for Mr. Grégoire.

I very much appreciated your presentation. I believe education is key to our future prosperity, and I certainly agree with your analysis of the devastation caused by the cuts that were made to the Canada social transfer by the former Liberal government.

You've asked the government to restore that funding in the amount of \$3.5 billion. First, I'm sure you know that the government made a significant investment in colleges and universities this year through the knowledge infrastructure program. I hope your university received some of that funding and it's helpful.

We have also made new investments of \$87.5 million in graduate scholarships, \$48 million for research partnerships in community colleges across Canada, \$15 million for quantum computing, and several other programs of that sort. So I hope we're addressing the needs across Canada.

With respect to the \$3.5 billion that you're requesting though, do you think it's a good idea simply to provide it to the provinces and let them decide how to spend it in education, or would you suggest that the government mandate how the funds are to be used?

For example, I note that there is a good news report today, a prediction that Canada's information technology industry will create 84,000 highly skilled jobs in the next four years. Should we be directing funds towards certain types of study or industry, or should we simply allow the provinces to make their own determinations on how it should be spent?

[Translation]

Mr. Jean Grégoire: We would still prefer that the provinces have full control of everything to do with education and, accordingly, the funding. We would be in favour of direct transfers to the provinces and allowing the provinces to decide how to use the funding. This funding should not come with strings attached when it comes to education in general or for the granting agencies. What is more, the granting agencies have recently encountered problems in terms of funding.

However, we commend the fact that investments have been made in post-secondary institutions. This allows us to have better laboratories and facilities. Nonetheless, better facilities without students will not solve the education problem.

[English]

Mr. Bob Dechert: When you travel to places like China, which I just did with a parliamentary committee, you see how quickly they're developing their university system. They have a command economy, of course, and they can decide where they want to place the emphasis in their investing, but they have made very strategic investments in computing and telecommunications education, for example.

If we're to continue to have a competitive edge in Canada over other places in the world where we can't compete simply on wage issues alone, shouldn't the federal government have some kind of national strategy to promote certain kinds of industries and certain kinds of research that will give Canadian students an edge so that they can find jobs in the future, building industries in Canada that can compete better against other jurisdictions in the world?

● (1155)

[Translation]

Mr. Jean Grégoire: To us, granting funding with strings attached is like telling the universities exactly what they have to develop. We do not believe that this will allow the universities to foster competitive knowledge on the world stage. Knowledge requires certain autonomy. We know that the government has granting agencies that fund certain areas of research. We think that is great. However, these agencies lack funding and we should not be telling them what to do. They should make their own choices. They have well-established boards of directors, even though there are not enough students on those boards. They are well established and able

to make choices on research. It is not up to the government to decide on the research or to give directives on investments. The government should instead give universities the chance to conduct their research and develop new knowledge.

Mrs. Lysiane Boucher (Coordinator, Federal and International Affairs, Fédération étudiante universitaire du Québec): If I may intervene, I would like to add a few words to that response. You talked about a Canadian strategy. It is certainly interesting to see a bit of what goes on elsewhere. However, the provinces all have their own motives. Quebec's motives, for example, are accessibility and quality of teaching. We are certainly very interested in announcing that to the other provinces and seeing how we can work together to help ourselves become competitive on the world stage. However, we believe that each province should be able to invest its money itself. The same goes for the granting agencies when it comes to research. Granting funding with strings attached causes a lot of problems, as Mr. Grégoire pointed out. However, a Canada-wide consultation could be interesting, without imposing limits at the government.

[English]

The Chair: Thank you, Mr. Dechert.

[Translation]

Thank you everyone.

Thank you very much for your answers to our questions and for your presentations.

The meeting stands adjourned.

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